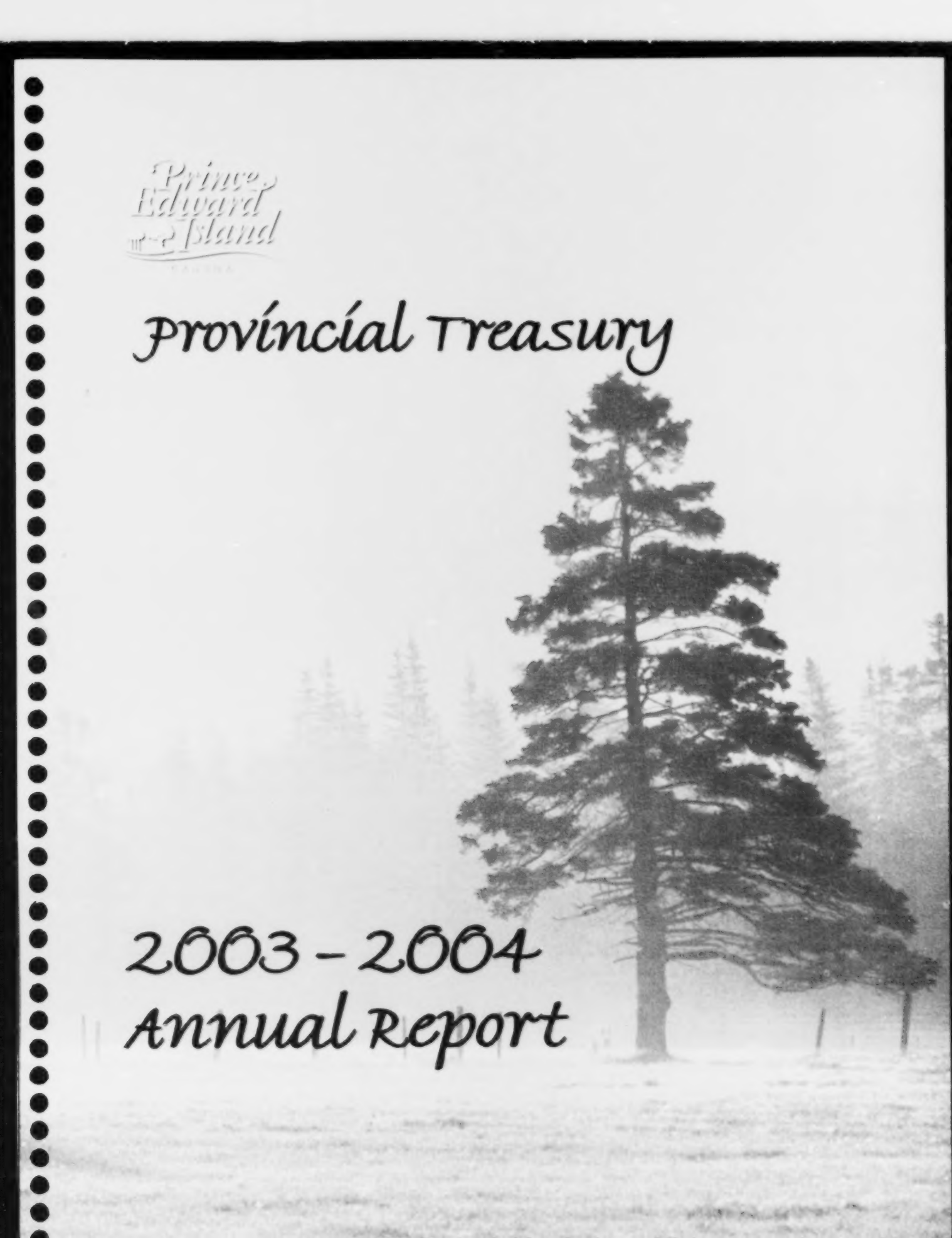
Prince Edward Island

# Provincial Treasury



# 2003 - 2004 Annual Report

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# Prince Edward Island
# Department of the Provincial Treasury

## Annual Report

## 2003-2004

## For the Fiscal Year
## April 1, 2003, to March 31, 2004

## *Mandate*

*The mandate of the ministry is to ensure that the human, information technology and financial resources needed by Government are available, are allocated in keeping with Government priorities, and are used in an efficient, effective and accountable way.*

# Provincial Treasury

2003 - 2004
Annual Report

## Minister's Message

To the Honourable J. Léonce Bernard
Lieutenant Governor of Prince Edward Island
PO Box 846
Charlottetown, PE C1A 7L9

May it Please Your Honour:

It is my privilege to present the Annual Report of the Department of the Provincial Treasury for the fiscal year ended March 31, 2004.

Respectfully submitted,

P. Mitchell Murphy
*Provincial Treasurer*

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# Operating Principles Adopted by the Staff of the Department of the Provincial Treasury

## *Statement of Values*

***A Team Approach*** – We work together, sharing information to achieve departmental goals.

***Service Quality*** – We provide our clients with the highest quality of service by seeking their input and advice and designing our services to best meet their needs.

***Human Resource Development*** – We seek training and development opportunities which provide us with the appropriate skills to serve our clients.

***Honesty, Integrity and Accountability*** – We perform our responsibilities in a competent and professional manner with the highest standard of ethical behaviour.

## *Mission Statement*

The Department of the Provincial Treasury facilitates the effective and efficient management of Government's human and financial resources by:

- fostering a progressive approach to the management and development of human resources;
- overseeing the financial affairs of the Provincial Government;
- providing internal support services to public sector organizations;
- leading and facilitating a Government-wide emphasis on program effectiveness and accountability; and
- supporting economic development.

## *Management Philosophy*

We believe in a management approach where we:

- challenge, encourage, empower, support, respect, train and develop employees;
- practice clear and open communication;
- consult and involve employees;
- place strong emphasis on client service;
- encourage a team approach;
- use resources wisely;
- recognize, support and conduct our affairs within the Government's agenda; and
- focus on the future.

# Legislative Responsibilities Assigned to the Provincial Treasurer

| Act | Division Responsible |
|---|---|
| *Appropriation Act* | Fiscal Management |
| *Civil Service Act* | PEI Public Service Commission |
| *Civil Service Superannuation Act* | PEI Public Service Commission |
| *Deposit Receipt Act* | Office of the Comptroller |
| *Environment Tax Act* | Taxation and Property Records |
| *Financial Administration Act* | Policy and Evaluation/Office of the Comptroller/Fiscal Management |
| *Financial Corporation Capital Tax Act* | Taxation and Property Records |
| *Gasoline Tax Act* | Taxation and Property Records |
| *Health Tax Act* | Taxation and Property Records |
| *Income Tax Act* | Economics, Statistics and Federal Fiscal Relations |
| *Lending Agency Act* | Deputy Minister's Office |
| *Loan Act(s)* | Fiscal Management |
| *Lotteries Commission Act* | Deputy Minister's Office |
| *Northumberland Strait Crossing Act* | Taxation and Property Records |
| *Public Accounting and Auditing Act* | Office of the Comptroller |
| *Public Purchasing Act* | Office of the Comptroller |
| *Queen's Printer Act* | Information Services |
| *Real Property Assessment Act* | Taxation and Property Records |
| *Real Property Tax Act* | Taxation and Property Records |
| *Registry Act* | Taxation and Property Records |
| *Revenue Administration Act* | Taxation and Property Records |
| *Revenue Tax Act* | Taxation and Property Records |
| *Supplementary Appropriation Act(s)* | Fiscal Management |

# Deputy Minister's Overview

The Honourable Mitch Murphy
Provincial Treasurer
Province of Prince Edward Island

Honourable Minister:

I am pleased to submit the 2003-2004 Annual Report for the Department of the Provincial Treasury. The Annual Report is intended to focus on accountability for results achieved during the year. This approach in reporting on performance during the 2003-2004 fiscal year supports one of the department's key goals.

A few of the department's accomplishments and activities I wish to highlight are as follows:

a) With the pending decommissioning of the Mainframe System in March 2004, the department was required to immediately consider options on how Government will continue to operate its PATS system. In 2002, a *PATS Needs Assessment Report* was completed and analysed, which resulted in the most cost-effective approach being to acquire a new system. In November 2003, the project was officially launched with very stringent timelines. The major challenge was to produce the 2004 property tax bills.

b) The installation of a new fibre optic backbone and fibre distribution system within the Provincial Administrative Building complex. This project has provided the foundation for improving data communications within the Provincial Administrative Buildings and implementation of new bandwidth intensive applications such as voice and video.

c) The Risk Management Program continues to be self-sustaining with effective "loss control" strategies which have addressed rising premium increases while incorporating savings where feasible.

d) During the year, a Request for Information (RFI) was issued for joint custodial services for both the Sinking Fund assets and the Pension Fund assets. The end result was the selection of a new custodian to oversee the two funds, and a significant reduction in the cost of services over the term of the agreement.

e) In 2003-2004, PEI chaired the Federal/Provincial/Territorial (FPT) Working Group on Gender and Health which monitored gender content in publicly funded research. This work brought attention to gender in national population health indicators and identified emerging issues related to dependant care and health protection legislation.

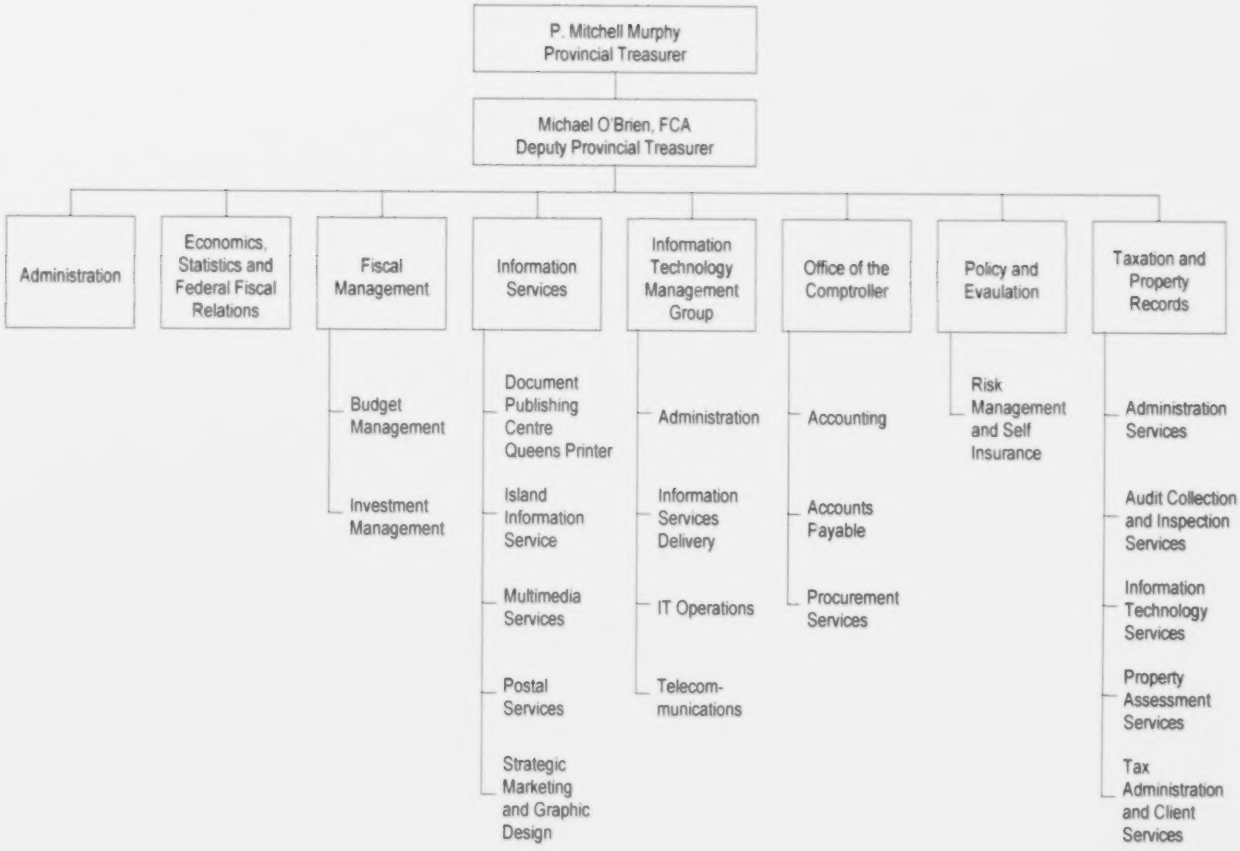
I would like to take this opportunity to recognize and thank the employees of Provincial Treasury for their effort and dedication over the year and look forward to their continued support.

The department staff remain committed to the mandate and goals established and will manage resources in an efficient and effective manner.

Respectfully submitted,

Michael O'Brien, FCA
Deputy Provincial Treasurer

# Organizational Chart



# Provincial Treasury

2003 - 2004
Annual Report

# Departmental Overview

## Role/Mission

*The Department of the Provincial Treasury facilitates the effective and efficient management of Government's human and financial resources. The mission is accomplished through a Team Approach – working together and sharing information to achieve departmental goals.*

## *Departmental Profile*

### Administration

The Human Resources Section of the Administration Division provides advice and services in human resource management to department staff, managers and directors. Support is provided in the areas of personnel services, employee and organizational development and occupational health and safety issues.

### Economics, Statistics and Federal Fiscal Relations

The Economics, Statistics and Federal Fiscal Relations Division provides advice on fiscal, tax, statistical, economic policy and federal fiscal matters. These include major transfer payments, income tax issues, statistical reports and economic analysis for Government. The division provides support to Government generally in its area of expertise.

The publication of statistical reports and the dissemination of data is also provided by the division.

### Fiscal Management

The Fiscal Management Division provides policy advice on Government expenditures and fiscal planning, develops the annual fiscal framework, prepares the Budget Estimates of Revenue and Expenditure, manages the assets of the pension funds and also manages the cash, debt and Sinking Fund of the Province.

### Information Services

The mission of the Information Services Division is to strengthen Government's business messaging by providing departments, crown corporations and agencies with a range of communication services.

## Information Technology Management Group

The mandate of the Information Technology Management Group is to maximize the return on investment for Government on internal information technology expenditures while assisting our clients in the delivery of information technology solutions. To satisfy the mandate of the division, ITMG provides a broad range of services to Government departments and agencies.

## Interministerial Women's Secretariat

The Interministerial Women's Secretariat provides policy analysis and support to the PEI Government in order to promote conditions for legal, health, social and economic gender equality for women and men.

## Office of the Comptroller

The Office of the Comptroller Division maintains the Provincial Government's corporate accounting system, is responsible for directing financial control over the Operating Fund, administers a corporate procurement service, and manages the Vehicle Fleet Information System for Government. It administers accounting, financial policies, provides financial advice, maintains the province's financial records and annually produces the Public Accounts of the province for presentation by the Provincial Treasurer to the Legislature and general public. It provides various administrative functions relating to the Reciprocal Tax Agreement, Accounts Payable/Cheque Issuance, Federal/Provincial claims, as well as providing support and advice in matters relating to financial management and policy submissions to Treasury Board and Cabinet.

## Policy and Evaluation

The primary role of the Policy and Evaluation Division is to support the department in promoting a corporate approach in management and policy matters with an emphasis on improving accountability and by serving as a secretariat to Treasury Board.

The Risk Management and Insurance Section is responsible for developing, implementing and maintaining Government insurance and risk management programs with the goal of eliminating or minimizing the potential for loss to Government, associated agencies, and the health and education sectors.

## Taxation and Property Records

The Taxation and Property Records Division administers the Province's taxation legislation and ensures the legislation is applied fairly and consistently. The division also develops and maintains land-related information systems and collects tax revenue.

## Additional Ministry Responsibilities

The Department of the Provincial Treasury is also responsible for administering the budget allocation for the following "appropriation votes:"

- Employee Benefits
- General Government
- Council of Atlantic Premiers
- Interministerial Women's Secretariat
- Interest Charges on Debt
- PEI Lending Agency

# Key Result Areas

One of the major incentives in achieving the department's overall mission statement is to **lead and facilitate a Government-wide emphasis on program effectiveness and accountability**. A methodology to achieve the mission was implemented and is referred to as Key Result Areas (KRAs) which means identifying, at the beginning of the year, the targets and specific goals planned for the ensuing year or over the longer term. Each division establishes individual KRAs and the Strategic Plan sets out the KRAs for the department as a whole.

The KRAs provide an accountability model by which the department can be measured. In addition, the KRAs give staff a clear understanding of priorities and direction for the department.

## *Key Result Area No. 1*

### Improve Client Service

Staff of the Telecommunications Section installed a new fibre optic backbone and fibre distribution system within the Provincial Administrative Building complex. This project has provided the foundation for improving data communications within the Provincial Administrative Buildings and implementation of new bandwidth intensive applications such as voice and video.

Taxation and Property Records continue to review and update legislation, registration and tax policy to ensure tax revenues are collected in a fair and uniform manner. During the past year, changes were made to provide uniform definitions and improve tax benefits to Island taxpayers. Also, upgrades and integration of computer software supporting tax applications has improved service delivery to clients.

The Office of the Comptroller introduced a new feature to streamline its processes for supplier payments. Suppliers can now receive payments from the Province directly into their bank accounts thus reducing the time it takes to be paid for services provided, eliminating the need for the supplier to make a physical bank deposit and reducing the risk of lost cheques. Standard terms and conditions for issuing tenders and requests for proposals were agreed to by the four Atlantic Provinces which simplifies for staff of suppliers the task of responding to government's offers.

## *Key Result Area No. 2*

### Priority on Human Resources

During the past year, two candidates from the department were selected to attend the Pathways to Leadership program. The Pathways is Government's corporate 30-month Leadership Development Program directed to aspiring leaders in the public service. Successful candidates develop management and leadership skills in a peer-learning environment. In the three in-takes offered to date, seven candidates have been selected for the program.

Staff of the department continued to take advantage of the personal development opportunities by participating in professional development workshops, course work through the local university, community college, distance education through the Internet and by a variety of other learning institutes.

During the summer of 2003 intensive discussions took place with Statistics Canada on population revisions resulting from the 2001 Census. In May 2003 the director of Economics, Statistics and Federal Fiscal Relations, John Palmer, was honoured to receive from the Chief Statistician of Canada an award for 24 years of service to the *Federal Provincial Consultative Council on Statistical Policy.*

Each year the Premier's Award for Diversity is presented to individuals and/or departments of the provincial public service that demonstrate leadership in the promotion and management of diversity and inclusiveness within their workplaces. The Premier's Diversity Award recognizes the achievement of our employees and employers in the area of workplace diversity. Premier Pat Binns presented the Second Annual Premier's Award for Diversity Leadership to the Managers of the Information Services Division of Provincial Treasury, at a ceremony at the Charlottetown Hotel on December 10, 2003.

In the fall 2002 sitting of the Legislature, an amendment to the *Civil Service Act* was passed introducing new criteria affecting eligibility for in-service competitions for a one-year time period. As a result, from April 1, 2003, to March 31, 2004, eligible casual employees could apply for in-service competitions.

In the Department of the Provincial Treasury, 25 positions were identified as essential to the operation and filled on a permanent basis through a series of in-service competitions.

## *Key Result Area No. 3*

### Maintain High Level Corporate Approach in Managing Policy Matters

The Economics, Statistics and Federal Fiscal Relations Division played a major role in national issues involving provincial finances during 2003-2004. In May 2003, staff from the division, as well as the deputy minister and representatives of Intergovernmental Affairs, were invited to Ottawa to present the province's views on *Economic and Demographic Trends* to the federal Privy Council Office in Ottawa.

From August 2003 the province held the Chair on national level Provincial/Territorial Finance discussions. These discussions focused on equalization renewal and the fiscal imbalance issue. As part of this work the department closely participated in the creation of *The Secretariat for Information and Cooperation on Fiscal Imbalance.* In April 2004, the Provincial Treasurer made a presentation to the *Senate Finance Committee* on Equalization and coordinated provincial and territorial views on federal transfer issues at federal/provincial Finance Ministers' meetings, leading up to the Federal Budget.

During 2003-2004 substantial progress was made on the renewal of the Federal/Provincial Tax Collection agreements that govern the administration of provincial income taxes by the Federal Government.

In 2003-2004 fiscal year the Senior Policy Advisor, Women's Interministerial Secretariat represented Prince Edward Island on a number of committees. Appointments included the Institute of Gender and Health and Women's Health Surveillance; Co-chair of the Atlantic Centre of Excellence on Women's Health; and the National Steering Committee for a Healthy Balance, a research project on caregiving.

The Policy and Evaluation Division promoted further compliance with the accountability reporting requirements of the *Financial Administration Act* and Treasury Board policy through consultations and meetings with departments and agencies and through directors forums.

## *Key Result Area No. 4*

### Development and Implementation of IT Systems/programs to Improve Government's Business Issues

With the decommissioning of the Mainframe in March 2004, Taxation and Property Records initiated the implementation of a new Property Assessment and Tax System. The new application will assist the assessors in the determination of property values, provide more information to taxpayers and enhance method of payments.

The Office of the Comptroller continued work implementing a module to manage its Fixed Assets which will support the move to recording Tangible Fixed Assets on the Government's financial statements. In addition, a new module was implemented to facilitate electronic online order of supplies for those areas in government that have high-volume ordering. System interfaces were developed with two departmental revenue generating systems to electronically transfer accounting transactions to the Government's central financial system.

## *Key Result Area No. 5*

### Maximize Provincial Revenue and Investment Returns

Taxation and Property Records Division, through legislation, communications and partnerships, is implementing an Enterprise Environment for information sharing. The integration provides for more efficient use of information technology and increases tax revenues.

During the year, staff of the Risk Management Section coordinated the Fleet renewal contract and obtained mutual consent on a decision to exclude physical damage coverage (collision and comprehensive) to the school bus fleet. A recommendation was made to the school boards to adopt a parallel strategy of Government's fleet experience of insurance policy, resulting in savings of approximately $100,000 in premiums for this policy year.

During the year, a Request for Information (RFI) was issued for joint custodial services for both the Sinking Fund assets and the Pension Fund assets. The end result was the selection of a new custodian to oversee the two funds, and a significant reduction in the cost of services over the term of the agreement.

# Vue d'ensemble du Ministère

## Rôle et mission

*Le ministère du Trésor de l'Î.-P.-É. contribue à la gestion efficace et efficiente des ressources humaines et financières du gouvernement. La mission est réalisée par le travail d'équipe – travailler ensemble et partager l'information pour atteindre les objectifs ministériels.*

## *Profil du Ministère*

### Administration

La Section des ressources humaines de la Division de l'administration fournit aux employés, aux gestionnaires et aux directeurs du Ministère des avis et des services ayant trait à la gestion des ressources humaines. Une aide est offerte dans les domaines suivants : services du personnel, perfectionnement des employés, développement organisationnel et santé et sécurité au travail.

### Économie, statistiques et relations financières fédérales

La Division de l'économie, des statistiques et des relations financières fédérales donne des avis sur les politiques financières, fiscales, statistiques et économiques, de même que sur toute autre question financière à l'échelle fédérale. Ces avis portent, entre autres, sur les principaux paiements de transfert, l'impôt sur le revenu, les rapports statistiques et les analyses économiques pour le gouvernement. La Division apporte son soutien général au gouvernement dans son domaine d'expertise. De plus, elle publie des rapports statistiques et diffuse des données.

### Gestion financière

La Division de la gestion financière donne des avis stratégiques sur la planification financière et les dépenses du gouvernement, établit le cadre financier annuel, prépare les prévisions budgétaires en matière de revenus et de dépenses, gère les actifs des caisses de retraite et administre les fonds de caisse, de créance et d'amortissement de la province.

### Services d'information

La mission de la Division des services d'information consiste à renforcer la messagerie commerciale du gouvernement en fournissant aux ministères et aux sociétés et organismes d'État une gamme de services de communication.

## Groupe de la gestion des technologies de l'information

Le mandat du Groupe de la gestion des technologies de l'information consiste à maximiser, pour le gouvernement, le rendement du capital investi à l'interne dans les technologies de l'information, tout en aidant nos clients à appliquer des solutions qui s'y rattachent. Pour respecter le mandat de la Division, le GGTI offre un large éventail de services aux ministères et organismes du gouvernement.

## Secrétariat interministériel aux affaires féminines

Le Secrétariat interministériel aux affaires féminines fournit un soutien et des analyses stratégiques au gouvernement de l'Î.-P.-É. dans le but de favoriser l'égalité hommes-femmes sur le plan juridique, social, économique et de la santé.

## Bureau du contrôleur

Le Bureau du contrôleur tient le système comptable intégré du gouvernement provincial, est responsable du contrôle financier du fonds de fonctionnement, administre un service d'approvisionnement intégré et gère le système d'information sur le parc automobile pour le gouvernement. La Division administre les politiques comptables et financières, donne des avis financiers, tient les dossiers financiers de la province et produit chaque année les Comptes publics de la province pour fins de présentation par le trésorier de l'Î.-P.-É. à l'assemblée législative et au grand public. Elle remplit diverses fonctions administratives ayant trait à la Convention fiscale réciproque, aux comptes créditeurs, à l'émission de chèques et aux réclamations fédérales-provinciales, et donne de l'aide et des avis à l'égard de questions concernant la gestion financière et les présentations stratégiques au Conseil du Trésor et au Cabinet.

## Politiques et évaluation

Le rôle principal de la Division des politiques et de l'évaluation consiste à aider le Ministère à promouvoir une approche intégrée pour les questions liées à la gestion et aux politiques, en mettant l'accent sur l'amélioration de la responsabilisation et en agissant comme un secrétariat pour le Conseil du Trésor.

La Section de la gestion des risques et de l'assurance élabore, met en place et maintient les programmes d'assurance et de gestion des risques du gouvernement dans le but d'éliminer ou de réduire les pertes possibles pour le gouvernement et les organismes associés et dans les secteurs de la santé et de l'éducation.

## Imposition et registre des biens

La Division de l'imposition et du registre des biens administre la législation fiscale de la province et s'assure que la législation est appliquée de manière juste et uniforme. De plus, la Division établit et tient des systèmes d'information foncière et perçoit les recettes fiscales.

## Autres responsabilités du Ministère

Le ministère du Trésor de l'Î.-P.-É. doit également administrer l'affectation budgétaire pour les crédits suivants :

- Avantages sociaux
- Administration publique
- Conseil des premiers ministres des Maritimes
- Secrétariat interministériel aux affaires féminines
- Frais d'intérêt sur la dette
- Agence de crédit de l'Î.-P.-É.

# Secteurs clés

L'un des facteurs qui motivent le plus la réalisation de la mission du Ministère consiste à **diriger et à faciliter les activités qui mettent l'accent, à l'échelle du gouvernement, sur la responsabilisation et l'efficacité des programmes**. Pour réaliser la mission, nous établissons des secteurs clés, c'est-à-dire que nous déterminons, au début de l'année, les objectifs et les buts pour l'année suivante ou pour les années à venir. Chaque division établit ses propres secteurs clés et le plan stratégique présente les secteurs clés pour l'ensemble du Ministère.

Les secteurs clés fournissent un modèle de responsabilisation qui est utilisé pour mesurer le Ministère. De plus, les secteurs clés donnent au personnel une vision claire des priorités et de l'orientation du Ministère.

## *1er domaine de résultat privilégié*

### Amélioration du service à la clientèle

Le personnel de la Section des télécommunications a installé un nouveau réseau de base à fibre optique et un système de distribution sur fibre dans le complexe des immeubles du gouvernement provincial. Un tel projet a doté ces immeubles des bases nécessaires pour y améliorer la communication des données et la mise en place de nombreuses applications réseau à bande large telles que les applications vocales et vidéos.

Imposition et registre des biens révise et continue de mettre à date les lois et la politique en matière d'inscription et d'imposition afin d'assurer que les revenus fiscaux soient recueillis d'une manière juste et uniforme. Au cours de la dernière année, on a apporté des modifications afin d'uniformiser les définitions et d'améliorer les avantages fiscaux des contribuables insulaires. De plus, les mises à niveau et l'intégration des logiciels de soutien des applications de la taxe ont amélioré la prestation de services à la clientèle.

Le Bureau du contrôleur a commencé à utiliser un nouveau procédé pour rendre les opérations de paiement de ses fournisseurs plus efficaces. La province peut maintenant payer ses fournisseurs directement dans leur compte de banque, ce qui réduit la période d'attente de paiement des services, élimine le besoin de faire un dépôt à la banque et réduit le risque de perdre le chèque. Les quatre provinces de l'Atlantique se sont entendues sur les conditions générales standard d'émission des offres d'achat et des demandes de proposition, ce qui simplifie la tâche de répondre aux offres du gouvernement pour le personnel des fournisseurs.

## *2e domaine de résultat privilégié*

### Priorité aux ressources humaines

Au cours de la dernière année, deux candidats du ministère ont été sélectionnés pour participer au programme *Pathways to Leadership*. Il s'agit d'un programme offert à tous les ministères et qui vise à développer les capacités de direction des leaders potentiels dans la fonction publique. Les candidats admis acquièrent des compétences en gestion et en leadership dans un environnement d'apprentissage avec les pairs. Dans les trois groupes accueillis à ce jour, sept candidats ont été sélectionnés pour le programme.

Le personnel du ministère a continué de profiter des possibilités de perfectionnement personnel en participant à des ateliers de perfectionnement professionnel, à des travaux de cours à l'aide de l'université locale, du collège communautaire, de l'éducation à distance, grâce à Internet et à d'autres établissements d'enseignement.

Au cours de l'été 2003, des discussions intensives se sont déroulées avec Statistique Canada à propos de la révision du chiffre de la population résultant du recensement de 2001. En mai 2003, le directeur de l'économie, de la statistique et des relations financières, John Palmer, a été honoré par le chef statisticien du Canada : on lui a remis un prix pour ses 24 années de service auprès du *Conseil consultatif fédéral-provincial sur la politique en matière de statistique*.

Chaque année, le prix du premier ministre pour la diversité est remis aux personnes et/ou aux ministères de la fonction publique provinciale qui font preuve de leadership dans la promotion et la gestion de la diversité et de l'inclusion dans leurs milieux de travail. Ce prix reconnaît les résultats obtenus par nos employés et employeurs dans le domaine de la diversité dans le milieu de travail. Le premier ministre Pat Binns a présenté, pour la deuxième année, le prix du premier ministre pour le leadership en matière de diversité, aux gestionnaires de la Division des services d'information du Trésor de l'Île, lors d'une cérémonie qui s'est tenue à l'hôtel Charlottetown, le 10 décembre 2003.

À la session d'automne 2002 de l'Assemblée législative, une modification à la *Civil Service Act* (loi sur la fonction publique) a été votée. Il s'agissait d'adopter de nouveaux critères d'admissibilité aux concours internes pour une période d'un an. En conséquence, à partir du 1er avril 2003 jusqu'au 31 mars 2004, les employés occasionnels admissibles pouvaient se présenter à ces concours.

Dans le ministère du Trésor provincial, 25 postes ont été définis comme étant essentiels aux activités ministérielles et ont été comblés sur une base permanente grâce à une série de concours internes

## *3e domaine de résultat privilégié*

### Maintien d'une démarche ministérielle de haut niveau dans la gestion des questions de politique

La Division de l'économie, des statistiques et des relations financières fédérales a joué un rôle important dans les questions nationales intéressant les finances provinciales au cours de l'exercice 2003-2004. En mai 2003, des membres du personnel de la division ainsi que le sous-ministre et des représentants des Affaires intergouvernementales ont été invités à Ottawa afin de présenter au bureau du Conseil privé le point de vue de la province en matière de *tendances économiques et démographiques*.

Depuis août 2003, la province préside aux discussions fédérales-provinciales-territoriales en matière de finances. Ces discussions portent surtout sur la question du renouvellement de la péréquation et du déséquilibre budgétaire. Dans le cadre de ce travail, le ministère a participé de près à la création du *Secrétariat à l'information et à la coopération en matière de déséquilibre budgétaire*. En avril 2004, le trésorier provincial a prononcé une allocution au *Comité sénatorial sur les finances*, laquelle portait sur la péréquation et il a coordonné les opinions provinciales et territoriales sur les questions de transfert fédéral, lors des réunions des ministres des finances fédéral et provinciaux, ce qui mène au budget fédéral.

Au cours de l'exercice 2003-2004, des progrès significatifs ont été réalisés en ce qui concerne le renouvellement des ententes fédérales-provinciales portant sur le recouvrement de l'impôt, lesquelles régissent la gestion des impôts sur le revenu provinciaux par le gouvernement fédéral.

Au cours de l'année financière 2003-2004, la conseillère principale en matière de politiques du Secrétariat interministériel des femmes a représenté l'Île-du-Prince-Édouard sur plusieurs comités; elle a été nommée à l'Institut de la santé des femmes et des hommes, et à la Surveillance de la santé des femmes; elle a co-présidé le Centre d'excellence pour la santé des femmes – région de l'Atlantique; et elle a siégé au *National Steering Committee for a Healthy Balance*, un projet de recherche sur les soins à donner.

La Division de la politique et de l'évaluation a continué d'insister sur l'obligation de rendre compte exigée par la *Financial Administration Act* et la politique du Conseil du Trésor au moyen de consultations et de rencontres avec les ministères et les organismes, et des forums de directeurs.

## *4e domaine de résultat privilégié*

### Élaboration et mise en place de programmes et de systèmes des TI afin de répondre aux questions opérationnelles du gouvernement

Avec la mise hors service de l'ordinateur central en mars 2004, Imposition et registre des biens a mis en place un nouveau Système d'évaluation des biens et d'imposition. La nouvelle application aidera les répartiteurs à déterminer la valeur des biens, à mieux renseigner les contribuables et à améliorer les méthodes de paiement.

Le Bureau du contrôleur est toujours occupé à mettre en place un module visant à gérer ses immobilisations, lequel prendra en charge l'opération d'inscription des immobilisations sur les états financiers du gouvernement. En plus, on a mis en place un nouveau module visant à faciliter les commandes d'approvisionnement en direct dans les secteurs de gouvernement où le volume des commandes est élevé. Des interfaces système ont été développées à l'aide de deux systèmes productifs de recettes ministériels permettant de transférer électroniquement les opérations comptables dans le système financier central du gouvernement.

## *5e domaine de résultat privilégié*

### Maximisation des revenus et du rendement des investissements de la province

La Division de l'imposition et du registre des biens, par l'intermédiaire des lois, des communications et des partenariats se dote d'un environnement d'affaires permettant de partager des informations. L'intégration permet une meilleure utilisation de la technologie de l'information et augmente les revenus fiscaux.

Au cours de l'année, le personnel de la Section de la gestion du risque a coordonné le contrat de renouvellement de la flotte de véhicules et il a obtenu un consentement mutuel à propos de la décision d'exclure la couverture des dommages matériels (assurance collision et assurance tous risques) sur la flotte d'autobus scolaires. Les commissions scolaires ont reçu la recommandation d'adopter une stratégie semblable à celle du gouvernement pour la police d'assurance de sa flotte, ce qui a mené à des économies de primes d'environ 100 000 $ pour l'année.

Durant l'année, une demande de renseignements (RFI) a été déposée afin d'avoir des services de garde conjoints pour les actifs du fonds d'amortissement et ceux du fonds de pension. Le résultat obtenu a été la sélection d'un nouveau responsable chargé de surveiller les deux fonds, et une réduction appréciable du coût des services pour la durée de l'entente.

# Provincial Treasury
# Financial Summary

| | Unaudited Actual 2003/2004 $ | 3rd Quarter Forecast 2003/2004 $ | Budget Estimate 2003/2004 $ |
|---|---|---|---|
| **Expenditure by Division*** | | | |
| Administration | 484,949 | 561,400 | 562,600 |
| Fiscal Management | 924,513 | 991,000 | 1,021,000 |
| Policy and Evaluation | 533,425 | 550,500 | 550,000 |
| Taxation and Property Records | 7,149,695 | 7,151,500 | 6,199,500 |
| Office of the Comptroller | 1,391,212 | 1,453,000 | 1,499,800 |
| Information Services | 3,358,770 | 3,359,300 | 3,359,300 |
| Economics, Statistics and Federal Relations | 405,839 | 453,000 | 483,000 |
| Information Technology Management Group | 5,637,937 | 6,227,700 | 5,370,100 |
| **Total Department Expenditures** | **19,886,340** | **20,747,400** | **19,045,300** |
| **Other Budgetary Responsibilities**** | | | |
| General Government | 27,075,993 | 25,730,900 | 8,779,900 |
| Interministerial Women's Secretariat | 290,900 | 300,300 | 299,800 |
| Council of Maritime Premiers | 173,484 | 173,500 | 173,500 |
| Interest Charges on Debt | 103,645,158 | 103,521,500 | 105,408,600 |
| **Revenue*** | | | |
| Federal Sources | 352,368,635 | | 382,210,600 |
| Provincial Sources | 516,889,051 | | 528,073,800 |
| Investment Revenue | 14,216,708 | | 14,309,900 |

* Detailed Budgetary information is included in Appendix "A" and "B".
** Detailed Budgetary information is included in Appendix "C".

# Economics, Statistics and Federal Fiscal Relations

## Role/Mission

*The Economics, Statistics and Federal Fiscal Relations Division strives to provide research, analytical expertise and advice at the highest professional standards to the department and Government generally on a wide range of tax, statistical, economic policy and federal/provincial fiscal matters. The major focus of the division is on federal transfer payments, income tax issues, statistical reports and economic analysis for Government. The division's role includes responsibility for analysing, researching and publishing key statistical information/data, and in disseminating statistics across Government. The division represents the Province in discussions with the Federal Government and provinces and territories on a variety of key federal/provincial fiscal arrangements, supports the Provincial Treasurer and Deputy Provincial Treasurer at high-level meetings on these subjects, and promotes the interests of Prince Edward Island in public and academic circles.*

## *Overview*

### Federal Fiscal Relations

***Interprovincial work on fiscal transfers, the equalization program and revenue forecasting***

The most prominent aspects of federal/provincial fiscal arrangements are Equalization, Canada Health and Social Transfer, the Income Tax Collection Agreement, the Reciprocal Taxation Agreement, Fiscal Stabilization and Statutory Subsidies. Revenue associated with these arrangements valued $546.8 million in the year 2003-2004, or 54.6 per cent of total provincial revenues. Extensive liaison with the federal Department of Finance and the Canada Customs and Revenue Agency is involved in this work.

### Provincial Economics

***The preparation of economic outlooks, publishing the PEI Economy Progress Report, and periodic reports for public dissemination***

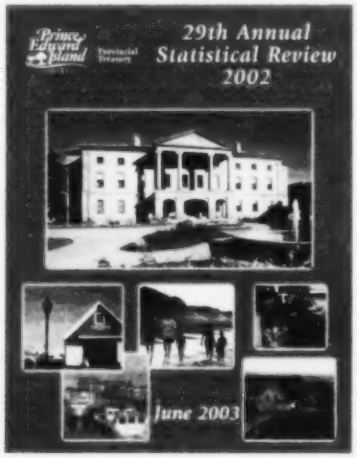
The PEI Economy Progress Report 2003 was published in November 2003. It features an analysis of the economy in 2003 covering the period January to October supplemented with many colour graphs and charts for the reader's interest. The provincial economic forecasting

model, which is used to monitor and forecast economic growth, continues to be refined.

## Tax Policy

***Analytical research, legislative amendments, and budgetary, policy and general advice on income tax issues are all provided***

The division is responsible for the provincial Personal Income Tax (PIT) and Corporate Income Tax (CIT), which are administered through the Federal/Provincial Tax Collection Agreement and requires the division to work closely with the federal Department of Finance and the Canada Revenue Agency. The division also advises other provincial departments on tax issues, as required. This division is the provincial contact point for the public, the business community and all levels of Government, on income tax policy issues.



## Statistics

***Statistical information to Government officials on the Government Intranet and to the public via the Government Internet continues to be provided***

These sites are updated monthly. Statistical support for the Provincial Government continues as a priority. As the statistical focal point for PEI, the division maintains a close working relationship with Statistics Canada on statistical matters. Statistical information is released to the public via the Government Internet Web site (***www.gov.pe.ca/infopei/statistics/index.php3***), while more detailed information is provided to Government officials on the Intranet (***iis.peigov/gov't/pt/index.html***). The division also uses these sites to disseminate publications authored by the division such as *The Annual Statistical Review* and *The PEI Economy Progress Report*.

# *Report Highlights*

## Federal/Provincial Fiscal Issues/Transfers

During 2003-2004, the division participated in extensive discussions with federal/provincial finance meetings on the Equalization formula. Formula changes to the Equalization program are on a five-year cycle in the federal *Fiscal Arrangements Act* and the formula expired March 31, 2004. Federal and provincial officials thoroughly review the Equalization program between renewal periods to examine ways to improve its operation and management. The division represents the province at both senior level and technical meetings, and presented research and analysis during the renewal process.

The division participated in federal/provincial discussions relating to the CHST, which was split into a Canada Health Transfer (CHT) and a Canada Social Transfer (CST) April 1, 2004. Intensive interprovincial discussions on federal transfers in support of health and social services occupied much of the division's time.

The division participates in communication strategies to defend provincial fiscal interests at the national level. The division also participates in joint exercises with Atlantic finance counterparts.

During 2003-2004, Provincial Governments focussed on improving health care funding through improvements to federal/provincial transfers. The division played an important role in assisting the Provincial Treasurer, Premier, and Intergovernmental Affairs officials in preparing for federal/provincial and other meetings on the subject. The division worked closely with the Provincial Treasurer and Intergovernmental Affairs in preparing the Premier for First Ministers meetings and, in particular, focus on the Equalization program. Reports on Equalization and CHST issues were prepared for the annual Premiers Conference in Charlottetown, July 9 to 11, 2003.

The division, at the request of Intergovernmental Affairs, made a presentation on economic and demographic trends for the federal Privy Council Office in Ottawa on May 9, 2003.

The division represented the Province at federal/provincial meetings on the Canada Pension Plan in Ottawa, May 1 and 2, 2003.

On September 25, 2003, Statistics Canada released revised population estimates based on the 2001 Census counts adjusted for net undercoverage. PEI was severely affected by the revised estimates which were used to calculate provincial entitlements for Equalization and CHST. The impact on PEI's entitlements was a reduction of $41.6 million.

## Atlantic and Provincial/Territorial Finance Meetings

The Atlantic and Provincial/Territorial Finance Ministers met June 25 and 26, 2003, and November 14, 2003. Provincial/Territorial Finance Ministers met in Ottawa October 8 to 10, 2003, and February 18 to 20, 2004. The division's staff assisted the Provincial Treasurer in these discussions.

## Council of the Federation

The Council of the Federation was formed by Provincial and Territorial Premiers on December 4 and 5, 2003, in Charlottetown. That organization creates a formal structure for the Annual Premiers Conference. The work of the council will reflect two themes: enhanced provincial-territorial collaboration and more effective relations with the Federal Government.

The Council of the Federation met February 23 and 24, 2004, in Vancouver to release a comprehensive work plan that affirmed their commitment to health care, the economy, strengthening the federation, Canada's youth, and helping those affected by emergencies. The council members committed to work on establishing a framework for health care reform on a sound financial base for discussion with the Prime Minister at the First Ministers Meeting later in the summer of 2004. The division provides support to the Premier's Office on fiscal and economic matters for these discussions.

## Secretariat on Information and Co-operation on Fiscal Imbalance

The Council of the Federation created the Secretariat on Information and Co-operation on Fiscal Imbalance whose mandate includes analyzing and fostering an understanding of the issues relating to fiscal imbalance. The Provincial Treasurer was one of the four co-chairs of this organization which is made up of Provincial/Territorial Finance Ministers. The

division provides support for ministers and research for the secretariat.

The secretariat began its mandate by commissioning the Conference Board of Canada to study the long-term fiscal projection of the federal and Provincial Governments. Finance ministers released the report *Fiscal Prospects for the Federal and Provincial/Territorial Governments* on March 8, 2004. The report confirms the view held by provincial finance ministers that the Federal Government has the fiscal room to increase its investment in health care and to strengthen the Equalization program without running into deficit.

## Improved Funding for Health

Provincial Premiers met with the Prime Minister in Ottawa on January 30, 2004, to discuss health-care funding and other emerging issues. Prime Minister Paul Martin confirmed that the Government of Canada would provide provinces and territories the one-time $2 billion health supplement to the CHST that was conditionally part of the February 2003 First Ministers Health Accord. This was again announced in the 2004 Federal Budget.

## Income Tax Policy Issues

The Tax Policy Economist position was filled on July 28, 2003. The position had been vacant since the 2002-2003 fiscal year. Substantial technical income tax amendments were made in the fall session of the Legislature and the new Teacher School Supply Tax Credit was also passed. The value of the disability credit was increased at this time as well. Amendments for the spring session were developed to extend the new teacher tax credit to child-care providers. Work has been ongoing on the finalization of a new Tax Collection Agreement between the provinces and the Federal Government, and much was negotiated and accomplished with PEI's agreement during 2003-2004.

The division explored tax measures to support sustainable development with the Department of Agriculture, Fisheries, Aquaculture and Forestry. Advice on budgetary measures and input to the Provincial Budget were also provided.

The division works with the federal/provincial Income Tax Allocation Committee on corporate tax issues, and represents the province at the federal/provincial Tax Policy Committee.

## Provincial Budget Program

The division participated intensively in the Provincial Budget process. Papers prepared by the division for the Budget Address included:

- *Budget Paper A: Background Notes on the Economy*, consisting of National and International Review, Provincial Highlights 2003, the Prince Edward Island Economy, Detailed Industry Analysis, and Summary Statistics; and
- *Budget Paper B: Federal Fiscal Issues* consisting of Equalization, Restore Revenue Coverage, Census Forgiveness, Tax Base Measures, Federal Funding for Health Care and Social Programs, Council of the Federation, and Secretariat on Information and Cooperation on Fiscal Imbalance.

Extensive input into the Budget Address was also provided. Budget schedules prepared by the division consisted of: Summary Comparison - Provincial Tax Rates, and Federal and Provincial Personal Income Tax Rates.

## Statistical Activities

The division continues to develop key information for senior Government officials via the interdepartmental Intranet Web site, including further research and development of demographic models. Statistical activities include:

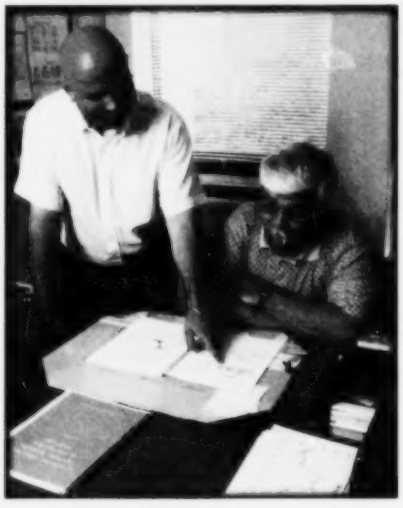
- a dissemination strategy for management and the Province,
- demographic forecasts,

- statistical publications and reports with monthly updates on the Intranet,
- representation at Statistics Canada meetings,
- maintenance of databases and report storage facilities,
- responses to public and Government department requests including participation in special projects, and
- analyses of specific statistical concerns.

The population model continues to be a popular tool for population projection as shown by the numerous requests for data and projections for the province, its counties and health regions. Data from this model were used by the PEI Electoral Boundaries Commission in its latest review of voting districts.

Data sources from Statistics Canada have been linked to the Government Internet Web site, especially data from the 2001 Census. Most documents are now published electronically by Statistics Canada, which are archived by division staff to form a local electronic library.

A detailed Input-Output model, made possible by a bilateral agreement between Statistics Canada and the Province, enables the division to provide a more thorough analysis of the Island economy.



## National Economic Issues

Responsibilities include:

- providing advice on the Federal Budget and federal fiscal position,
- Bank of Canada monetary policy,
- interest rates and Canadian dollar,
- national economic performance,
- U.S. and other countries, and
- discussions with bond rating agencies.

## Canada Pension Plan

Responsibilities include advice to Minister and Deputy on financial issues. The Province participates in CPP policy discussions through representation by the division.

## Economic Outlook

The division was involved in:

- representing the Minister at the 13th Annual Atlantic Canadian Investment Seminar in St. John's, and
- presenting at the Atlantic Canada Economics Association Conference, September 10 to 13 in Charlottetown.

## Other Activities

A staff member of the division was accepted into the Pathways to Leadership Program on June 3, 2003. Staff also participated on the departmental Employee Council, Wellness Committee/Lifestyle Awareness Program, Occupational Health and Safety Committee, and Staff Conference Day. Staff participated in various training programs ranging from First Aid/CPR to software training.

# Fiscal Management

## Role/Mission

*The mandate of the Fiscal Management Division is to provide excellence in the management of the financial resources of Government. The division is also mandated to ensure that public funds are properly budgeted and monitored. The mandate of the division requires that the return on Government's investments is maximized, and that cash and debt management costs are minimized within established risk tolerances.*

## *Overview*

### Budget Management

The Budget Management Section is responsible for the preparation and co-ordination of the Provincial Budget, which assists Government in the overall financial plan for the Province.

The section also provides technical support and policy advice on various aspects of Government fiscal planning.

Under the direction of Government, the section prepares the annual Estimates of Revenue and Expenditure; develops, implements and reviews budgetary systems and quarterly forecasts; manages the appropriation control system; and formulates and implements expenditure limitation and control policies as directed by Treasury Board and/or Executive Council.

The Budget Management Section analyses, assesses and monitors all financial, personnel, administrative proposals and issues for overall budgetary impacts.

### Investment Management

The Investment Management Section is responsible for the day-to-day banking for the Province. This section is involved with the development of short-, mid- and long-term debt management strategies. These strategies include making arrangements for: cash management, project financing, issuance of public debt and asset/liability management for Crown Corporation debt.

Attached to all semi-annual pay debentures of the Province is a provision for sinking fund payments used for principal repayment. These sinking funds, which are set aside annually, are also managed by the Investment Section. These monies are invested under guidelines set out in the *Financial Administration Act* and are tightly controlled by an internal Sinking Fund Policy which is reviewed on a regular basis.

The pension monies for the four funds are managed under an "umbrella trust" which is monitored and controlled by the Investment Section staff. Although the Investment Section does not directly invest the pension monies as it does for the Sinking Fund, it does act as the manager of external managers. This work includes setting up and monitoring guidelines for investing monies and daily monitoring of assets and cash flows of the managers and the trust itself.

## *Report Highlights*

### Budget Accomplishments in 2003-2004

The Budget Section successfully tabled the 2004 Budget Address, the Budget Estimates of Revenue and Expenditure and the *2004 Appropriation Act* with the supporting Supplementary Estimates. These documents were created with input from all departments/agencies and crown corporations and are presented on a consolidated basis.

Consolidation refers to the preparation of budget or financial statements to include its own operations, as well as the operations of its subsidiary entities. The Budget Section has prepared and tabled the Province's Consolidated Budget presented on a full-accrual basis which now capitalizes and amortizes tangible capital assets.

The Budget Section was instrumental in the establishment and continuation of regular budget meetings with its Atlantic counterparts.

### Debt and Investment Accomplishments in 2003-2004

The Province issued a $100 million debenture with an interest (coupon) rate of 5.6 per cent. The debenture is for 30 years and matures on February 21, 2034. The funds raised by the sale of the debenture were used to match liabilities to assets for, school construction, health facilities, road construction, and loans to crown corporations.

Preliminary investigation of utilizing web-based banking services has been completed. The initial study has indicated that by using this platform rather than the traditional dial-up system, Government will strengthen its control over user-access as well as improve the existing functionalities. In addition, Government shall also experience significant cost savings.

During the year, a Request for Information (RFI) was issued for joint custodial services for both the Sinking Fund assets and the Pension Fund assets. The end result of the (RFI) was the selection of a new custodian to oversee the two funds, and a significant reduction in the cost of services over the term of the agreement.

The section hosted a national conference for federal/provincial/territorial debt borrowers. The conference addressed such concerns as: various strategies employed to manage debt, the impact of new accounting and fiscal policies on debt, and developments in the world's financial markets.

New banking software was tested, installed and is now operational. The addition of this software will allow for the enhanced administration of the Sinking Fund and the various Pension Funds.

## Bond Rating

The division is the focal point for all consultations with bond rating firms. During the 2003-2004 year, the division provided information to three bond rating agencies. All three long-term credit ratings fall into the "A" category. The Province's short-term credit rating is R-1 (low), considered by the Dominion Bond Rating Service to be prime credit quality. The confirmation dates for these ratings appear below.

Bonds and preferred stock which are rated "A" possess many favourable investment attributes and are to be considered as upper-medium-grade obligations. These consecutive improved ratings for the Province continue to send a strong signal to Canadians that Prince Edward Island is a good and sound place for investment.

**Summary of Bond Ratings for PEI**

| Bond Raters | Short-term Rating | Long-term Rating | Confirmation Date |
|---|---|---|---|
| Moody's | – | A2 | January 2004 |
| DBRS | R-1 (low) | A (low) | February 2004 |
| S&P | – | A | November 2003 |

# Information Services

## Role/Mission

*The mission of the Information Services Division is to strengthen Government's business messaging by providing departments, crown corporations and agencies with a range of communication services.*

## *Overview*

### Multimedia Services

Multimedia Services provides the following services to all Government departments and agencies as well as the Legislative Assembly, Supreme Court, provincial courts and Island schools:

***Video and Radio Production*** – the section provides expertise in beta camera operation, on-line and off-line editing, video taping, video and audio duplication and digitization for electronic formats, as well as creative direction and script writing. The Provincial Government's community outreach program, *Island Focus* is also produced by staff of Multimedia Services.

***Photography Services*** include studio portraits, product, scenic and event photos, on-site processing of black and white film, conversion of flat graphic materials to slides or electronic files, slide duplication, manipulation of full-colour digital images and in-house printing of digital images.

***New Media Design Services*** include animation, CD Rom creation, internet streaming, Web-based content, creative direction and non-linear editing.

***Equipment Loan and Maintenance Services*** includes the loan, repair, programming and rewiring of audio-visual equipment, on-site maintenance of PA systems in schools and consulting for the purchase of new equipment and systems.

***Media Monitoring*** – the section provides daily news summaries from local and national newspapers, television and radio newscasts to a designated list of Government recipients.

***Conference and Event Setup*** – the section provides setup and operation of sound and recording systems.

***Data Entry Services*** include central data entry, proficient use of FIS Oracle and Lotus software, survey data management and manual records conversion.

***Administration*** - the section provides administrative and financial services to the Information Services Division.

## The Document Publishing Centre and PEI Mail (Queen's Printer)

Production Printing, Official Document Printing and Mail services are provided to Provincial Government departments, agencies, boards and commissions in the following areas:

***Office of the Queen's Printer***
Responsible for production of the official Royal Gazette; the statutes of the province and regulations made thereunder; all official, departmental and other reports, books, forms and documents as are required to be printed by law and crown copyright.

***Digital Copier Section***
This section provides one-stop digital, on-demand print productivity; electronic document submission; color and black and white hardcopy scanning; digital prepress; digital document library file storage; digital-based colour photocopying; along with ongoing efforts to stay at the forefront of our rapidly changing industry.

***Offset Press Site***
Located at 20 Enman Crescent, this section's capabilities range from single-colour to complex multi-colour printed products. With the resources of digital prepress workflow featuring CTP technology, this site continues its commitment to quality.

***Bindery/Finishing***
Our bindery offers a variety of binding options including saddle stitching, comb binding, spiral binding and three-hole punch for putting into a binder. Cutting, scoring, folding and one-of-a-kind presentation booklets, pocket folders and other uniquely different projects can also be handled in this area.

***PEI Mail***
This section prepares and processes Provincial Government mail; provides sorting, distributing, cheque signing; Island-wide courier services to departments and affiliates; folding, inserting and stamping services and disseminates information on behalf of PEI Government for tender requirements under the Maritime Procurement Postal tender.

## Strategic Marketing and Graphic Design Service and Island Information Service

These two sections of Information Services provide service to all Government departments and agencies in the following areas:

***Strategic Marketing and Communications Plans*** - the section develops and implements strategic marketing, communications and media plans for departments, agencies and specific events.

***Advertising Design and Production*** - the section advises on strategic copy and prepares the layout and artwork according to the mechanical specifications of the print media and in accordance with the Government of PEI's corporate identity guidelines.

***Document Design and Layout*** - the section prepares artwork for the production of newsletters, brochures, invitations, certificates, annual reports, application forms, directories, trade show displays and posters.

***News Releases*** - the section advises on, and in some instances prepares, news releases for distribution to the media through Island Information Service.

***Promotional Products*** - the section designs and/or sources promotional and incentive materials to be used at trade shows, as ministerial gifts or for departmental promotions.

***Wordmark Guidelines*** – the section advises the rest of Government on the accepted use of the Provincial Government wordmark; provides electronic formats to outside parties when requested; provides staff workshops on the use of the wordmark; and monitors the use of the wordmark in advertising, signage, brochures, newsletters, letterhead, envelopes, business cards and displays.

***Editing Service*** – the section edits and proofreads departmental documents intended for publication and distribution to the public.

***Island Information Service*** is the official distributor of Government news releases to the media. IIS responds to inquiries from the general public and other Government employees for information on Government services, programs and other general information. IIS maintains an inventory and distributes Government publications including the Throne Speech, Provincial Budget, annual reports and provincial legislation. IIS produces the Government Services Directory, Quick Reference Guide, Employee Telephone Directory and assembles the content for the Government Blue Pages published in the Aliant telephone directory for PEI. IIS also provides a centralized fax service for departments without fax capability.

# *Report Highlights*

Each year the Premier's Award for Diversity is presented to individuals and/or departments of the provincial public service that demonstrate leadership in the promotion and management of diversity and inclusiveness within their workplaces. The Premier's Diversity Award recognizes the achievement of our employees and employers in the area of workplace diversity. Premier Pat Binns presented the Second Annual Premier's Award for Diversity Leadership to the Managers of the Information Services Division of Provincial Treasury at a ceremony at the Charlottetown Hotel on December 10, 2003.

The PEI Public Service Commission is pleased to recognize their contribution and leadership in creating a diverse, welcoming, and inclusive workplace.

## Multimedia Services

***Video and Radio Production***

The section produced 24 half-hour segments of *Island Focus* this past season, 12 weekly radio programs as well as video and commercial productions as follows:

- Healthy Living Alliance videos (five)
- Black Ice – Driver Safety commercial
- Don't Drink and Drive commercial
- Seat Belt Safety commercial
- Atlantic Provinces Special Education Authority (A.P.S.E.A) video
- Premier's Christmas message commercial
- Early French Immersion video
- French for the Future video
- 55+ Games video
- PEI Colt Stakes video

The section also provided video footage for several third-party productions for the Province.

The Provincial Photographer participated in a Team Canada Atlantic Trade Mission in November 2003 to Washington, DC and provided images for the Atlantic provinces as well as Atlantic media.

During the year, a major upgrade of new digital audio equipment was carried out for the Legislative Assembly. Multimedia Services managed the project from consulting to re-wiring and installation.

*Five videos were produced for the launch of the Healthy Living Strategy in spring 2003.*

### *Key Multimedia Services Statistics*

| Activity | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 |
|---|---|---|---|---|
| Technical support for news conferences | 75 | 62 | 76 | 72 |
| Technical support for special events | 28 | 48 | 65 | 68 |
| Loan requests (for multimedia projectors) | 1596 (301) | 1482 (436) | 1477 (390) | 813* |
| *Island Focus* broadcasts | 33 | 27 | 27 | 24 |
| *Island Focus* segments online | 16 | 49 | 53 | 52 |
| Photography shoot assignments | 400 | 354 | 385 | 288 |
| Photography processing assignments | 200 | 82 | 33 | 25 |
| High resolution 35mm scans | N/A | N/A | 1300 | 1800 |
| In-house audio visual equipment repairs | 500 | 379 | 330 | 319 |
| Service calls for audio-visual equipment repairs | 132 | 235 | 112 | 118 |

* Reflects a change in the accounting procedure from individual pieces of equipment loaned to number of equipment loans (which could include several pieces).

*Photography and conference setup services were provided to the 44th Annual Premier's Conference in Charlottetown in July 2003.*

## The Document Publishing Centre, Office of the Queen's Printer and PEI Mail

The Queen's Printer implemented both high-speed colour and black and white digital presses to allow the continued growth in electronic document management, production and distribution. This has ensured that the Document Publishing Centre has maximized the use of technology and solutions to meet the increasing growth of production printing now known as print on demand.

The continued development of the team and staff in training, education, application work and certified operators for the digital presses and digital colour press has enabled the staff to grow within their positions, become more autonomous with their work load, and overall take a higher level of responsibility in their role.

This section hosted the 52nd Annual Queen's Printers Association conference in June 2003 with representatives from all provinces and territories as well as the Federal Government in attendance. Resource persons from a broad spectrum of backgrounds and expertise addressed the delegates on subjects ranging from service quality perspectives to electronic publishing. Traditional issues that affect the Queen's Printers across Canada have been changing dramatically over the years and this conference continues to be an opportunity to exchange ideas and views with colleagues from across the country as we strive to raise the level of quality services in our jurisdictions. A recognition award was presented to the staff of the Document Publishing Centre by Premier Binns for our contribution and participation in hosting this conference.

The Document Publishing Centre is well positioned as a key resource for document production, management and distribution for the Provincial Government.

*52nd Annual Queen's Printers Association conference held in June 2003.*

## Strategic Marketing and Graphic Design and Island Information Service

During the year the section executed over 2,800 separate projects for the Premier's Office, Government departments, agencies and crown corporations. Island Information Service issued 457 news releases and media advisories for Government. It also distributed 600 PEI information packages to students across Canada doing school projects.

The section continued to work closely with departments and Acadian and Francophone Affairs/Translation Services on converting English-only materials to bilingual format in accordance with the *French Language Services Act*.

The section carried out electronic production and delivery of Government advertisements for print media, designing and producing over 400 ads for local and regional newspapers.

Strategic Marketing and Graphic Design continued to enhance in-house computer graphic design capabilities through upgrades of Macintosh equipment and software, and staff training. Two-, three- and full-colour design work continued to increase over the previous fiscal year.

Staff of both areas attended a number of professional development workshops and the section was co-recipient of the Premier's Award for Diversity Leadership.

Staff provided planning and creative support including design and production of artwork for various marketing materials for such projects as:

- PCH Grand Opening Tabloid
- Diversity Calendar
- Provincial Library Services' Fall and Winter Programming Guides
- The Future Farmer Program
- Wine Festival
- Messages, certificates, declarations for Premier's Office
- Annual Reports
- Education PD Day
- Annual Conference of Canadian Premiers
- Canadian Public Sector Pension Conference
- Public Service Week
- Family Law Centre opening
- Council of the Federation
- PEI Statistical Review
- French version of *Cradled on the Waves*
- Lieutenant Governor's IPAC Award
- Quality and Pride in the Public Service
- Sport and Recreation Support Program booklets
- Canada Games Funding Booklet
- Island Cultural Directory
- Let's Talk About... (series of four brochures on literacy)
- Tips for Teens (series of four brochures on alcohol, crack/cocaine, hallucinogens and marijuana)
- Children's Festival (posters, flyers, tickets, advertisements for each of two consecutive runs)
- Summer Reading Club (poster, logbook, bookmark and certificate)
- Royal Gazette
- Taxation and Property Records – Taxation Forms
- Education – French Programs Curriculum Covers
- United Way Campaign
- Orwell Corner Historic Village Exterior Signage Program
- Queen Street Liquor Store Exterior Sign

# Information Technology Management Group

## Role/Mission

*The mandate of the Information Technology Management Group is to maximize the return on investment for Government on internal information technology expenditures while assisting our clients in the delivery of information technology solutions. To satisfy the mandate of the division, ITMG provides a broad range of services to Government departments and agencies. To deliver these services, the division is organized into five sections.*

## *Overview*

### Office of the Chief Information Officer

The Chief Information Officer (CIO) is responsible for providing leadership and setting the strategic direction for IT in Government. Staff of the Office of the CIO are responsible for IT Security, IT Strategic Planning and Policy Development, and IT Human Resource Planning.

### Administration

The Administration Section provides administrative, financial and personnel services to the division.

### Information Systems Delivery

Information Systems Delivery (ISD) provides support to various Government departments and agencies in a wide range of information technology/business activities. This is accomplished through planning, development, implementation, maintenance, enhancement and support of information systems using traditional and new technologies.

### IT Operations

The IT Operations Section is responsible for management of the corporate central processing facilities; provision of technical support for computer hardware and software for workstations and special and general purpose servers; and leadership in the development of technology standards and guidelines.

### Telecommunications

The Telecommunications Section is responsible for providing a leadership role in voice, data, and hybrid network services. The section oversees the provisioning and management of telephone and mobile communication services across Government and plays a key role in data communication planning and operations. The section also provides telecommunication consulting and project management services.

### Key Result Areas Identified

- Leadership in Information Technology
- Quality Service
- Commitment to Foster Good Communications
- Support to Our Clients in the Appropriate Advancement of Electronic Service Delivery
- Effective Human Resource Management Practices
- Positive Work Environment
- Establishment of a Divisional Planning Process

## *Report Highlights*

### Office of the CIO

Played a leading role in developing, implementing and educating public sector employees in standards related to the security of Government IT systems, information, and electronic transactions; defining IT architecture for Government; coordinating the development and implementation of human resource plans to address recruitment, retention and development of IT human resources; and assisting ITMG and other Government departments with the development of IT Strategic plans.

Defined policies, legislation and standards to support the use of IT; coordinated the development of system-wide policies related to IT human resource development; provided project leadership and coordination of IT development within Government; and coordinated the development of cross-departmental initiatives and special projects related to the implementation of the Human Resource Plan for IT workers.

Coordinated the Province's activities as the Showcase Province in the Government in Technology Week national annual conference held in Ottawa. As the Showcase Province, PEI hosted several seminars, presentations and events for national audiences.

### Human Resources

During the past year, a total of 10 positions have been filled through the Casual Conversion (an initiative of Government which converts long-standing casual positions which are needed on an ongoing basis to permanent status and staffed in accordance with the *Civil Service Act* and the UPSE Collective Agreement) - one position in Administration, three positions in Information Systems Delivery, three positions in IT Operations and three positions in Telecommunications.

A Corporate IT Training Fund has been in place since the 1999-2000 fiscal year in the amount of $120,000, but it has since been reduced to $97,800 annually. All ITMG IT staff and staff from departments with whom we are doing business are eligible for funding. In addition to the Corporate IT Training Fund, an additional $14,700 is spent in IT training at the departmental level.

### Security

Protecting personal and business information continues to be a hot issue as more business and more information gets shared on the Internet and stored on our database.

Significant effort was directed to IT Security through the following tasks:

- an IT Security Three-Year Plan was developed and initiated;
- focus groups were setup to update/write Endorsed Procedures for Firewalls, Remote Access, Disposal, Wireless, Patch Management, Incident Management, Portable Computers and Updating Treasury Board Policy (16:02);
- acted as central point for disseminating information on threats, security advice and incident response;
- participated in making improvements to the change management mechanism and participated on the Change Advisory Committee;
- setup a followup CISSP course and exam (Certified Information Systems Security Professional);
- participated on National CIO Sub-Committee on Information Protection;
- participated in creating a Canadian Common Self Assessment tool;
- participated in creating a Canadian Security Classification Guideline;
- participated on a national committee to create a Joint Cyber Exercise Program
- attended national conference on Security and Privacy.

## Information Systems Delivery (ISD)

- Enhancement of Government's IT infrastructure with the acquisition of WebSphere Portal.
- Initiation of a collaborative project involving three departments to deliver the Single Window Access Technology (SWAT) System to Development and Technology.
- Initiation of an Employee Self-service Portal in co-operation with the Public Service Commission.
- Completion of mainframe migration and decommissioning of the mainframe.

## IT Operations

- Implemented RIM Blackberry service for mobile access to e-mail.
- Migrated Highway Safety Division's vehicle and driver applications and Public Service and School Board payrolls from the Unisys mainframe to newer, more open and cost-effective technology.

## Telecommunications

- **Backbone (Network Layer)**
  In response to changes in technology design and use since the original network was installed, Telecommunications has completely redesigned the Provincial Government's core network. This redesign will more accurately reflect the current standard of network design and will handle applications more easily than the previous network. This new design was specifically created to be a foundation for future projects, in regards to both hardware and software deployment.

- **T1 to ATM**
  T1, an outdated data service which could not handle the increased data load offered to it by remote users, was replaced by a more modern ATM line. The ATM provides a scalable data transport system, which can be modified to meet both current and proposed future remote access needs.

- **Summerside Access PEI Centre to 10 Mbps**
  When the Access PEI Centre in Summerside outgrew its previously provisioned network capacity, the old circuit, which offered little more than dial-up speed, was replaced with a more modern, high-speed connection. This was done as a pilot to determine if the new technology could be adapted for Government needs in other locations.

- **Charlottetown Highway Safety/Access PEI Centre to 10 Mbps**
  The Charlottetown Highway Safety/Access PEI Centre also outgrew the original design specifications of the Frame Relay line it was using, and suffered many performance issues as a result. Telecommunications, after studying the needs of the site and the results of the Summerside pilot, proposed and implemented the conversion from a low speed line, to a more robust 10 Mbps line.

- **Shaw, Jones and Sullivan Building**
  A new fibre optic backbone and fibre distribution system was installed within these three buildings. This project has provided the foundation for improving data communications within the Provincial Administrative Buildings and implementation of new bandwidth intensive applications such as voice and video.

- **Shaw Building**
  New Category 6 copper data cabling has been installed on the south end of the third floor of the Shaw Building and throughout the second floor.

- **Taxation and Property Records**
  The central and south end of the first floor of the Shaw Building had the copper data wiring upgraded to current industry standards for Category 6.

- **Legislative Assembly**
  Category 6 copper data wiring was installed in the Legislative Chamber and a new enclosed floor mount rack was installed in the kitchen area. The basement of Province House is also being upgraded to allow for further expansion.

- **Document Publishing Centre**
  Upgraded a large portion of the Document Publishing Centre to current industry standards for Category 6 copper data wiring.

- **Community and Correctional Services**
  A new radio system was installed at the Queens County Correctional Centre.

- **Brick House Visitor Information Centre**
  New data wiring and a wall mount rack was installed. The Category 6 copper data installed followed current industry standards.

- **Centrex Contract**
  A three-year Centrex contract was entered into with Aliant Telecom, effective March 25, 2004.

# Interministerial Women's Secretariat

## Role/Mission

*The Interministerial Women's Secretariat provides policy analysis and official support to the Government of PEI in order to promote conditions for legal, health, social and economic gender equality for women and men.*

## *Overview*

The Interministerial Women's Secretariat hosts an interdepartmental policy forum with representatives from all departments focusing on examining the impacts of policies and programs on women and men.

The Secretariat provides support and liaison to a number of Government and community initiatives which explore and promote gender equality.

The Secretariat provides intergovernmental policy support to the Minister Responsible for the Status of Women and represents the province on intergovernmental initiatives on the status of women as well as gender equality and diversity projects in labour, justice, health, economic and education sectors. The Secretariat also participates on related national and international initiatives, including gender research advisory boards, policy research projects, and in the development and promotion of gender and diversity education.

## *Report Highlights*

In 2003-2004, PEI chaired the Federal/ Provincial/Territorial (FPT) working group on Gender and Health which monitored gender content in publicly funded research, brought attention to gender in national population health indicators and identified emerging issues related to dependant care and health protection legislation. Other FPT work included followup on indicators on violence against women; cross jurisdictional work on taxation as a mechanism for accommodating unpaid caregiving work; and examination of issues affecting the status of Aboriginal women.

Policy and research appointments include the Institute of Gender and Health and Women's Health Surveillance; Co-chair of the Atlantic Centre of Excellence on Women's Health; and the National Steering Committee for a Healthy Balance, a research project on caregiving.
The Secretariat continues to support a number of family violence prevention strategies such as distribution of violence prevention materials for public and private employers; research on women's access to justice, restorative justice and domestic violence courts; participation on

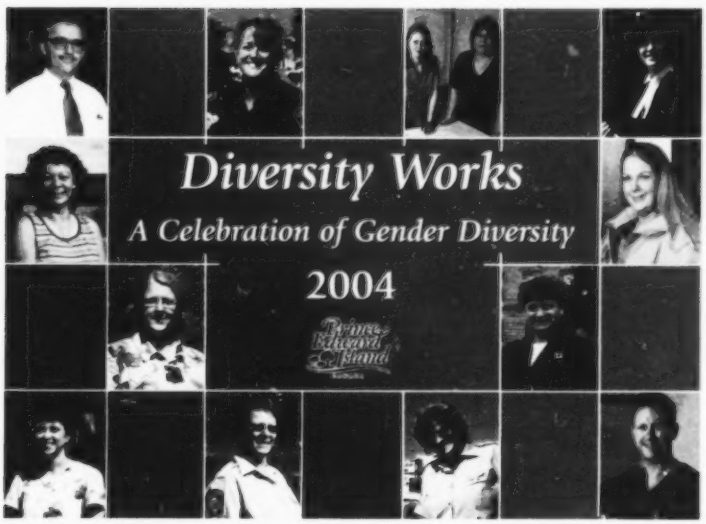
community advisory committees related to promoting women's safety and equality.

The Secretariat chaired the development of a Gender and Diversity Lens and educational materials for distribution to Canadian Association of Administrators of Labour Legislation (CAALL) stakeholders.

It chaired the production of the PEI Diversity Works Calendar for the Diversity and Equity Committee of the PEI Public Service Commission.

The Secretariat continues to participate in the design and administration of PEI's Excluded Employees Training and Development Fund Policy.

In 2003-2004 it was appointed to the Deputies Coordinating Committee on Family Violence Prevention.



# Office of the Comptroller

## Role/Mission

*The Office of the Comptroller's primary responsibility is to operate and maintain the Provincial Government's Corporate Accounting System, and to produce the Public Accounts of the Province. It administers the Corporate Procurement Service for departments and other agencies through embracing the principle of competitive procurement. It manages a Corporate Vehicle Fleet Information System and administers the Corporate Computer Leasing Program. It provides support and advice in matters relating to financial management and policy submissions to both Treasury Board and Cabinet. Its primary mission is to streamline accounting processes and present financial statements that are as transparent as possible to the Legislature and the Public.*

## *Overview*

### Accounting

This section is responsible for the operation and maintenance of the Province's corporate accounting system, and the preparation of the financial statements including the year end Public Accounts. It preforms audit and monitoring functions on the financial transactions being submitted by departments for processing in the Provinces's financial information system and provides reporting services on those transactions. It coordinates various departmental and central systems for interfacing with the financial system, works with departments to ensure complete information is provided and oversees the operations of the corporate computer lease program.

### Accounts Payable and File Maintenance

This section is responsible for the timely and accurate processing of Government payments through a decentralized payment system and the file maintenance of all supporting financial documentation. It provides various administrative functions relating to accounts payable and cheque issuance, and maintenance of the Province's financial records. Through management and processing, this office also provides for revenue coordination activities pertaining to all Government bank account transactions.

## Procurement Services

This central section is responsible for the timely and economical procurement of goods and services, the administration and management of the Government's Corporate Fleet Information System and oversees the negotiation of the Corporate Computer Leasing Program.

## Financial System Support

This section is responsible for the support necessary to operate, maintain and establish security over the Government's corporate financial information system. Through a Helpdesk approach, procedural and functional support is provided to financial system users.

# *Report Highlights*

## Accounting

### *Public Accounts*

This section spends considerable time reviewing and evaluating proposed changes to Public Sector Accounting Standards to determine the most appropriate reporting policies for the Province of Prince Edward Island.

We continue to make changes to the presentation of the Public Accounts as prescribed by the Public Sector Accounting Board and have enhanced our skills in publishing Volumes I and II of the Public Accounts on the Province's Internet site. Volume I presents the financial statements of the Consolidated Entity of the Province. Volume II presents the financial statements and the details of revenues and expenditures of the Province's Operating Fund as well as a reproduction of the audited financial statements of the agencies, boards and crown corporations owned or controlled by the Province. In keeping with our goal, transparency of financial information, we make this information available on the Internet to provide users with a practical method of obtaining information on the Province's finances. We have also eliminated the printing and mailing of hundreds of copies of this large document.

### *Tangible Capital Assets (Fixed Assets)*

Work continues on changing the way the Province accounts for the acquisition of capital assets. For the year ended March 31, 2004, expenditures for capital assets were not reported in the year they were made but are to be spread over the estimated life of the asset. Staff have been gathering information over the past five years on capital assets owned by the Province and the schedule of capital assets shows the amortization/depreciation expense which replaces the actual cost of acquiring assets. For the fiscal year 2004-2005 and future years, the Province's financial information system (Oracle) will account for capital assets in its fixed asset module. This module, which will be operational in late 2004, will manage the addition and disposal of capital assets as well as performing calculations to determine the amortization of these assets.

### *Accounts Payable and File Maintenance*

The division in January 2004 initiated a pilot Employee Purchasing Card rollout in all Government ministries. It has been established as an alternative method of making small value Government purchases. All purchasing is to be made respecting the principles of the *Public Purchasing Act*.

Growth of electronic payments, introduced in the previous fiscal year, now comprises one-third of our total payments. With changes being proposed by the CPA (Canadian Payment Association) on new cheque printing, formatting standards and increased cheque fraud prevention measures, we expect significant future growth of electronic payments in the coming year(s).

A new area of involvement for this section has been with a number of electronic commerce applications, vehicle registration, Provincial Sales Tax and GeoLinc to cite a few. This service provides for new methods of payment acceptance, from taxpayers who can use nationally recognized credit cards online to transact business with Government.

## Procurement Services

The Procurement Services Section (PSS) along with support from the FIS Coordinator continue to customize and rollout the Web-based iProcurement system, which will significantly improve the efficiency of the requisition/purchase order process. iProcurement users can now access over 23 standing offer contracts. Function ability includes the potential of an e-mail transmission of the Purchase Order directly to the contracted supplier saving valuable time at the buyers' level and a quicker delivery response time at the supplier's end.

The changes to the *Public Purchasing Act* Regulations were proclaimed and became effective January 1, 2004, making them more consistent with the Interprovincial Trade Agreements, modernizing the process and adjusting tendering thresholds and tendering responsibilities for departments.

PSS continues to work closely with its Atlantic Canada counterparts to further reduce public sector procurement obstacles for PEI and all Atlantic Canada vendors. The two-year project to develop the Atlantic Provinces Standard Terms and Conditions will create consistency for all vendors in the region responding to Government tenders.

The section continues to offer support to the Government's Trade Consultant in regard to procurement at both the Agreement on Internal Trade (AIT) and the Atlantic Procurement Agreement (APA) tables. Currently, All provincial, territorial and federal governments are working to develop a common tenders Web site.

The section assumed the leadership for the Government's computer leasing and support contract as well as coordinating the terms of reference for the Request for Proposal and negotiating the resulting contracts with the successful vendor.

## Financial Information System

Since the upgrade was completed on the Government's financial system in the summer of 2003, the work carried out in the 2003-2004 fiscal year was of an operational and educational nature. A number of features were implemented to support the efforts of other projects.

An automated interface was developed to transfer transaction and accounting information between the GeoLinc system in the Taxation and Property Records Division and the financial system. The information transfer improves the timeliness and accuracy of the updated accounting information in the financial system, records the unearned income from prepaid deposits and enables the staff to concentrate their efforts on the GeoLinc transactional recording and reporting instead of developing an accounts receivable within the GeoLinc system.

Work has begun on another accounts receivable interface with another system in the Taxation and Property Records Division. With the implementation of these two interfaces, a standards document is being prepared to assist in future development of the automatic transfer of accounts receivable accounting information from other Government program systems, supporting the Government's efforts to move from a cash to an accrual basis.

Using the workflow feature, the financial system was configured to send e-mail notifications to the system users through the Government's e-mail system. The e-mail notifications enhanced the features of iProcurement, advising staff of purchasing requisitions which are to be completed, or approved. The final status of the purchasing requisition is also sent back via the e-mail notification to the staff who entered the requisition.

Features in the accounts payable and iExpense modules were used to assist in the development of an online procurement card transaction verification and approval process. This project also uses the e-mail notification process to notify card holders when their transactions are ready to be verified online, and to notify the card approvers when transactions have to be approved.

Because of the investment in and the reliance on the Government's financial system, the system must be kept current to take advantage of updated features, system improvements and support updates. An interim upgrade to the database and a conversion to the multi-organization configuration was applied in order to position the system for the next version upgrade and the option to use the system for other sets of books.

## Operating Statistics for the Period Ended March 31, 2004

| | Number | Amount |
|---|---|---|
| Financial system users supported | 266 | n/a |
| System vendors updated | 5,921 | n/a |
| Vendor sites updated | 11,508 | n/a |
| Invoices processed | 119,417 | $767,041,987.17 |
| Batches processed | 13,985 | n/a |
| Payments issued – Cheques | 59,617 | $412,239,000.34 |
| Payments issued – Electronic | 11,911 | $631,340,141.62 |
| Payments issued – Internal Clearing | 263 | $7,716,948.68 |
| Miscellaneous cash transactions | 7,495 | $909,762,466.08 |
| Cash receipts applied – External | 416 | $38,782,362.56 |
| Cash receipts applied – Internal | 1,867 | $5,921,335.23 |
| Manual journals processed | 1,061 | $2,870,620,983.12 |
| Encumbrance journals processed | 46 | $7,432,200.16 |
| Purchase orders issued | 6,356 | $17,395,266.14 |
| Tenders processed | 266 | $8,000,000.00 |
| RFPs processed | 28 | $3,400,000.00 |
| Savings due to tendering | n/a | $1,200,000.00 |
| Corporate fleet vehicles:<br>Owned<br>Leased | <br>227<br>61 | <br>$8,824,174.00<br>$34,819.35 |

# Policy and Evaluation

## Role/Mission

*The primary role of the Policy and Evaluation Division is to support the department in promoting a corporate approach in management and policy matters with an emphasis on improving accountability and by serving as a secretariat to Treasury Board.*

*The Risk Management and Insurance Section is responsible for developing, implementing, and maintaining Government insurance and risk management programs with the goal of eliminating or minimizing the potential for loss to Government, associated agencies, and the health and education sectors.*

## *Overview*

The Policy and Evaluation Division provided analytical, consultative and administrative support to Treasury Board on an ongoing basis. As well, it undertook special projects and/or initiatives on behalf of Treasury Board or the Department of Provincial Treasury

The majority of the division's activities are ongoing and include the following key areas:

- providing analytical, consultative and administrative services to Treasury Board;
- providing consultative services to departments and agencies on policy, operational and administrative matters;
- improving Government's administrative policies to ensure consistency and efficiency;
- supporting departments/agencies progress toward an improved accountability and reporting framework;
- promoting improved evaluation process within Government services;
- leading and/or participating in special projects and/or initiatives identified by the department or Treasury Board;
- developing, implementing and maintaining Government insurance and risk management programs for all public sector entities managed by Government, health sectors and school boards.

# *Report Highlights*

## Management and Policy Matters

The Policy and Evaluation Division provided analytical, consultative and administrative support to Treasury Board on an ongoing basis. As well, it undertook special projects and/or initiatives on behalf of Treasury Board or the Department of Provincial Treasury. As Treasury Board Secretariat, staff of the division maintained linkages with the Executive Council Office, the Legislative Review Committee and the Strategic Planning Committees on Economic Policy and Community and Social Policy.

During the past fiscal year, divisional staff represented Treasury Board on various committees including the Agricultural Insurance Corporation, the Land Use Coordinating Committee, Student Loans Appeal Board, Excluded and Unionized Training Funds, monitored the Government Loan Guarantee Program and represented Treasury Board on collective negotiating teams for health and education agreements.

## Accountability

The Policy and Evaluation Division promoted further compliance with the accountability reporting requirements of the *Financial Administration Act* and Treasury Board policy through consultations and meetings with departments and agencies and through Directors Forums.

## Program and Policy Evaluation

Staff of the Policy and Evaluation Division promoted evaluation within Government departments and agencies through consultations, networking and a leadership role within the PEI Chapter of the Canadian Evaluation Society (CES) and on the National CES Council. The PEI Chapter of CES offered several workshops during the past year including the CES sanctioned Essential Skills Series on Program Evaluation. During FY 2004/2005 the PEI Chapter will continue to provide training opportunities for Government employees.

The PEI CES Chapter will host the Canadian Evaluation Societies' National Annual Conference in 2006. The director of the division is co-chairing the Conference Planning Committee. In March 2004 a staff policy analyst was elected the National President of the Canadian Evaluation Society for a two-year term effective July 1, 2004.

## Treasury Board Policy and Procedures

The Policy and Evaluation Division is responsible for the research, development, and maintenance of corporate administrative and operational policies, and the distribution of these through the Government's Intranet.

Staff of the Policy and Evaluation Division continued to monitor and enhance services to users by drafting new corporate policies and revising existing policies in collaboration with departments responsible for their administration. During FY 2003-2004 updates and reviews of existing policies included:

- Section 4.0 – Geographic Information Systems (GIS) Data,
- Section 8.05 – Management of Wireless Communications Devices,
- Section 9.01 – Honoraria,
- Section 17.02 – Travel Regulations and Policies,
- Section 19.01 – Grants-in-Lieu of Property Taxes,
- Section 19.02 – Miscellaneous Grants, and
- Section 19.02 – Hosting Grants.

Divisional staff also facilitated the development of the department's Annual Legislative Work Plan and functioned as the legislative coordinator for the department.

## Risk Management and Insurance

Since the inception of the Government's Self Insurance and Risk Management and Insurance Program (RM&I) in 1986, Government, health sectors and school boards have saved at least $8M in premiums. In addition, RM&I negotiated in excess of $3M in claim settlements and administered an insurance and risk management program for the aforementioned. Combined with a sound Risk Management Program and with effective "loss control" strategies, this fund has become sustainable.

The events of September 11, 2001, had a devastating effect on the world insurance industry. The catastrophic losses to insurers resulted in unprecedented rate hikes which had a crippling effect on the world economy. The insurance portfolio was not spared from the spiralling rate hikes, or the refusal of underwriters to insure certain risks. Decisions had to be made and a methodology implemented to increase risk retention levels of the program, with an objective to save premium dollars without over exposing Government to financial loss. Insurance rates, like the rest of the "marketplace," are cyclical and the exorbitant rate hikes are expected to plateau after another period of modest increases. The rates for all lines of insurance are unlikely to return to pre-2001 levels, and it is expected premiums for property insurance will stabilize.

The Risk Management and Insurance Section does not buy "primary" property or liability insurance, as the marketplace is reluctant to underwrite public sector entities, which are seen as targets for liability claims. RM&I buys "excess" liability and "stop loss" insurance to minimize exposures to Government. To eliminate a projected deficit to the fund for year 2003-2004, it was necessary to increase liability premiums by 25 per cent. The Loss Control Program is committed to minimizing risk exposure to public sector entities, with a vigilance for loss prevention/control awareness.

On this year's fleet renewal, a mutual decision was made to exclude physical damage coverage (collision and comprehensive) to the school bus fleet. Insurers are charging premiums far in excess of what they are paying out in claims for physical damage coverage. It has been the experience of the Government fleet, what is saved by not buying physical damage insurance more than pays for the claim costs to effect repairs to the Government fleet owned and leased vehicles. A recommendation was made to the school boards to adopt a parallel strategy. They concurred, resulting in savings of approximately $100,000 in premiums for this policy year.

### New Initiatives

- This year RM&I in partnership with the Department of Development and Technology facilitated a comprehensive study by Melanber Inc., on the Access PEI sites. Recommendations in the study were implemented by the Department of Development and Technology.
- The health sector is developing a risk management strategy for the future; and in consultation with RM&I management, is developing policies and procedures to improve consistency across the province.
- School Boards have developed a *Handbook for Bus Drivers* with the RM&I taking a leadership role in this project. New legislation was introduced this year, to increase safety for school children being transported on school buses.
- The School Playground Policy requires all new play structures to be in compliance with current CSA recommendations. This initiative has been well received and has served as a model for other school boards in the Maritime Region.
- RM& I has been expanded to include insurance coverage for the Department of Health and Social Services' Foster Parents Program.
- RM&I assisted the Department of Community and Cultural affairs in the retention of private claims adjusters to assess property damage as result of Hurricane Juan in September 2003.

| Claims Reported to RM&I | | | | | | |
|---|---|---|---|---|---|---|
| # Claims | Property | Auto | Liability | School (I) | Property(I) | Liability (I) |
| 2002-2003 | 60 | 54 | 52 | | | |
| 2003-2004 | 45 | 46 | 28 | | | |

| Incidents Reported to RM&I | | | | | | |
|---|---|---|---|---|---|---|
| 2002-2003 | | | | 730 | 04 | 137 |
| 2003-2004 | | | | 707 | 12 | 114 |

**Notes:**

1. Incidents (I) = Number of written reports received for each class of incident and files opened in the event a claim is pursued.
2. In addition to the table above, RM&I opened 761 files, for damages caused to private property by Hurricane Juan on September 29, 2003.

# Taxation and Property Records Division

## Role/Mission

*The mandate of Taxation and Property Records Division is to ensure fairness and equity in the application and collection of provincial tax revenues, and equity and uniformity in the production of provincial and municipal real property assessment rolls.*

*The division is also mandated to develop, implement and maintain land-related information systems in the area of Corporate Geomatics, Registry of Deeds and Toponymy – the study of place names.*

*The mandate of the division requires that services be coordinated and integrated with federal, provincial and municipal governments, and the private sector.*

## *Overview*

Taxation and Property Records Division administers the Province's property and consumption tax legislation and ensures the legislation is applied fairly and consistently. The division also develops and maintains land-related information systems and collects tax revenue.

### Administration Services

Administration Services Section consists of the Provincial Tax Commissioner, Administrative Assistant, Administration Services Coordinator whose staff provides financial and personnel services for the division, and a Communications Coordinator who is responsible for form design, bilingual interpretation, Web page design and other communication media.

### Audit, Collection and Inspection Services

Audit, Collection and Inspection Services is responsible for tax compliance activity, including the performance of tax audits, to determine the level of compliance with consumption tax acts and regulations. Audit, Collection and Inspection Services is also responsible for the collection of consumption taxes due to the Province in the most effective and efficient manner, with a minimum amount of hardship to the taxpayer. The applicable acts and regulations are the *Revenue Tax Act, Revenue Administration Act, Health Tax Act, Environment Tax Act, Gasoline Tax Act* and related regulations.

## Tax Administration and Client Services

Tax Administration and Client Services is responsible for tax administration, processing of tax payments, dissemination of tax information, operation of the provincial land registry system, interpretation of all land-related documents and the provision of property mapping for Prince Edward Island. The section also maintains the Provincial Civic Address Program, Property Line Program, and provides property-related geomatics products and services to other Government departments and agencies and the private sector.

## Information Technology (IT) Services

Information Technology Services is responsible to ensure that the necessary resources, technology and support are available for IT initiatives of the division including: maintenance and support of existing computer applications and systems; the scoping, planning, researching, development/purchasing, implementation and support of new applications and systems; and the maintenance and support of local area network infrastructure environment.

## Property Assessment Services

Property Assessment Services' primary function is to value all real property, as defined by the *Real Property Assessment Act*, at the indicated market value on an annual basis. This value forms the basis for the collection of provincial and municipal property taxes. The four main programs administered by the section are the Reappraisal Program, the New Construction Program, the Referral and Appeal Program and the Appraisal Services Program.

*Imaging of Registry Documents*

# *Report Highlights*

## Corporate Imaging System

Implementation of a corporate imaging repository in the Registry office, focusing on registry documents, will result in the elimination of storage space issues related to paper documents, and an improved method of accessability online. This system will be extended to include all paper files retained within the division.

## Assessment and Tax System (PATS)

With the pending decommissioning of the Mainframe System in March 2004, the division was required to immediately consider options on how Government will continue to operate its PATS system. In 2002, a *PATS Needs Assessment Report* was completed and analysed, which resulted in the most cost-effective approach being to acquire a new system. In November 2003, the project was officially launched with very stringent timelines. The major challenge was to produce the 2004 property tax bills.

## Audit Internship Professional Development Positions

With the increasing challenge of acquiring experienced and qualified individuals for audit positions within the division, a recruiting and training program for university graduates, who are eligible to enrol in a program leading to a professional accounting designation, was created. These individuals will study while

working in the Audit Section thus gaining valuable audit experience prior to obtaining their professional accounting designation.

## Implementation of Owner Occupied Residential Tax Credit

With the implementation of this program, owner occupied residential or recreational properties will have their provincial property tax increase limited to the increase in the consumer priced index for the previous year.

## Corporate Client Access System

Client Access System provides clients, who are approved for Marked Gasoline, Marked Diesel Oil and Revenue Tax Exemption Permit programs, with an access number. By providing this number when contacting the office for service, information can be processed quickly and remain secure.

## Assessment Notice and Summary of Property Charges

The assessment notice and tax bill have always been one combined document and mailed out in May of each year. With the implementation of the new property tax system in progress, a redesign of the assessment notice and tax bill was requested which would more clearly identify any assessment benefits and tax credits; and would clearly distinguish municipal, waste watch, fire dues and provincial taxes. February 2004 was the initial mailing of the *Assessment Notice*, while the *Summary of Property Charges* will not be mailed later in 2004. With the two separate mailouts, property owners will now have the opportunity of referring their assessments extended from 45 to 90 days.

## Legislation Changes

Throughout the year 2003 and 2004, the division forwarded numerous changes to legislation and regulations which would enable the taxpayer access to benefits if they qualified.

## CHRIS Re-Write

The CHRIS application is the *Computer Hosted Registry Indexing System* within the Registry of Deeds. Implemented in 1995, this application is being rewritten to fully integrate with the Corporate Imaging System and provide more functionality to the users of the registry system.

## Comparison of Division Activity Over the Three-year Period - 2001-2004

| | 2001-2002 | 2002-2003 | 2003-2004 |
|---|---|---|---|
| Tax payments received in offices | 249,715 | 255,990 | 264,930 |
| Tax refunds and adjustments processed | 14,377 | 20,171 | 21,480 |
| Documents registered and interpreted (Registry of Deeds office) | 18,326 | 19,893 | 19,077 |
| New parcels (property) created | 974 | 1,226 | 1,306 |
| Subdivision plans filed | 714 | 858 | 1,086 |
| Registered revenue tax vendors | 10,200 | 12,000 | 12,300 |
| Registered tax exempt permit applications (farmers and fishermen) | 3,719 | 3,435 | 3,542 |
| Properties assessed | 91,920 | 94,025 | 95,221 |
| Property assessment referrals (first-level appeal) | 196 | 420 | 561 |
| Appeals to IRAC (property assessment related) | 11 | 11 | 11 |
| Provincial market value assessment | $6.4 billion | $7.2 billion | $7.7 billion |
| Market value of exemptions | $712 million | $771 million | $817 million |
| New construction reviews (property assessed value) | $200 million | $130 million | $180 million |
| Regular audits | 125 | 70 | 92 |
| Regular audit assessments | $3 million | $1.7 million | $2.7 million |
| Number of special assessments | 334 | 214 | 218 |
| Special assessments | $256,200 | $126,100 | $185,700 |

# Appendix A

## Department of Provincial Treasury
## *Expenditure by Division*

| | Unaudited Actual 2003/04 $ | 3rd Quarter Forecast 2003/04 $ | Budget Estimate $ |
|---|---|---|---|
| **Administration** | | | |
| Administration | 21,246 | 21,700 | 21,700 |
| Equipment | 5,836 | 8,200 | 5,700 |
| Materials and Supplies | 2,288 | 3,400 | 2,900 |
| Professional and Contract Services | 0 | 0 | 4,800 |
| Salaries | 386,921 | 454,800 | 464,200 |
| Travel and Training | 68,658 | 73,300 | 63,300 |
| | 484,949 | 561,400 | 562,600 |
| **Fiscal Management** | | | |
| Administration | 52,378 | 43,100 | 43,100 |
| Equipment | 15,707 | 11,400 | 11,400 |
| Materials and Supplies | 5,126 | 30,900 | 30,900 |
| Professional and Contract Services | 119,110 | 125,600 | 116,300 |
| Salaries | 701,342 | 738,200 | 777,500 |
| Travel and Training | 30,850 | 41,800 | 41,800 |
| | 924,513 | 991,000 | 1,021,000 |
| **Policy and Evaluation** | | | |
| Administration | 10,709 | 12,700 | 9,800 |
| Equipment | 2,376 | 4,100 | 1,700 |
| Materials and Supplies | 1,363 | 2,200 | 2,700 |
| Professional and Contract Services | 38,000 | 41,800 | 43,800 |
| Salaries | 475,159 | 480,600 | 480,100 |
| Travel and Training | 5,818 | 9,100 | 11,900 |
| | 533,425 | 550,500 | 550,000 |
| **Taxation and Property Records** | | | |
| Administration | 199,105 | 205,600 | 178,400 |
| Debt | 956,400 | 895,000 | 1,065,000 |
| Equipment | 327,647 | 364,300 | 36,200 |
| Materials and Supplies | 105,096 | 80,700 | 86,200 |
| Professional and Contract Services | 1,283,065 | 1,339,300 | 328,600 |
| Salaries | 4,116,528 | 4,094,400 | 4,322,200 |
| Travel and Training | 161,854 | 172,200 | 182,900 |
| | 7,149,695 | 7,151,500 | 6,199,500 |

*Appendix A – Expenditures by Division ... Continued*

| | Unaudited Actual 2003/04 $ | 3rd Quarter Forecast 2003/04 $ | Budget Estimate $ |
|---|---|---|---|
| **Office of the Comptroller** | | | |
| Administration | 41,165 | 43,500 | 45,500 |
| Equipment | 4,181 | 18,200 | 22,400 |
| Materials and Supplies | 385,233 | 396,800 | 366,900 |
| Professional and Contract Services | 0 | 1,000 | 17,000 |
| Salaries | 950,085 | 979,000 | 1,028,700 |
| Travel & Training | 10,547 | 14,500 | 19,300 |
| | 1,391,212 | 1,453,000 | 1,499,800 |
| **Information Services** | | | |
| Administration | 945,566 | 832,600 | 832,600 |
| Equipment | 23,221 | 12,700 | 12,700 |
| Materials, Supplies and Services | 536,792 | 598,200 | 600,600 |
| Professional and Contract Services | 54,173 | 53,500 | 53,500 |
| Salaries | 1,781,113 | 1,831,500 | 1,826,300 |
| Travel and Training | 17,905 | 30,800 | 33,600 |
| | 3,358,770 | 3,359,300 | 3,359,300 |
| **Economics, Statistics and Federal Fiscal Relations** | | | |
| Administration | 6,850 | 16,300 | 39,800 |
| Equipment | 671 | 2,400 | 2,400 |
| Materials, Supplies and Services | 736 | 2,800 | 2,800 |
| Professional and Contract Services | 14,450 | 20,300 | 20,300 |
| Salaries | 341,811 | 361,600 | 378,100 |
| Travel and Training | 41,321 | 49,600 | 39,600 |
| | 405,839 | 453,000 | 483,000 |
| **Information Technology Management Group** | | | |
| Administration | 100,263 | 101,600 | 134,800 |
| Equipment | 144,285 | 127,300 | 15,600 |
| Material, Supplies and Services | 1,861,000 | 2,308,700 | 1,629,500 |
| Professional and Contract Services | 159,801 | 125,800 | 0 |
| Salaries | 3,250,377 | 3,435,000 | 3,417,500 |
| Travel and Training | 122,211 | 129,300 | 172,700 |
| | 5,637,937 | 6,227,700 | 5,370,100 |
| **Total Departmental Expenditures** | **19,886,340** | **20,747,400** | **19,045,300** |

# Appendix B

## Department of Provincial Treasury
## *Revenue*

| | Unaudited Actual 2003/04 $ | Budget Estimate 2003/04 $ |
|---|---|---|
| **Federal** | | |
| Equalization | 238,304,000 | 270,000,000 |
| Canada Health and Social Transfer | 101,684,995 | 111,352,600 |
| CHST – Equipment Fund | 2,217,522 | 0 |
| Statutory Subsidy | 678,965 | 678,000 |
| Health Reform Transfer | 4,338,000 | 0 |
| Miscellaneous | 212,153 | 180,000 |
| **Total Federal Revenue** | 347,435,635 | 382,210,600 |
| **Provincial** | | |
| Lottery Commission | 17,188,621 | 18,000,000 |
| Health Tax on Liquor | 12,004,386 | 11,458,200 |
| Health Tax on Tobacco | 25,630,808 | 29,500,000 |
| Real Property Tax | 52,980,155 | 53,000,000 |
| Revenue Tax (Sales Tax) | 171,983,425 | 171,282,300 |
| Gas Tax | 36,195,956 | 36,000,000 |
| Income Tax – Personal | 164,858,590 | 168,012,500 |
| Income Tax – Corporate | 29,827,682 | 35,709,000 |
| Corporation Capital Tax | 1,955,060 | 1,700,000 |
| Environmental Tax | 279,000 | 300,000 |
| Land Title and Registration Fees | 2,407,272 | 1,823,000 |
| Fees and Services | 296,372 | 152,300 |
| Sales and Miscellaneous | 915,084 | 908,100 |
| Self Insurance Rebate | 252,270 | 228,400 |
| Cheques Written Off | 114,400 | 0 |
| **Total Provincial Revenue** | 516,889,080 | 528,073,800 |
| **Investment Revenue** | 14,216,708 | 14,309,900 |
| **Total Departmental Revenue** | **531,105,788** | **542,383,700** |

# Appendix C

## Department of Provincial Treasury
## *Other Expenditure Budgetary Responsibilities*

| | Unaudited Actual 2003/04 $ | 3rd Quarter Forecast 2003/04 $ | Budget Estimate 2003/04 $ |
|---|---|---|---|
| **General Government** | | | |
| Miscellaneous General | 337,612 | 511,800 | 511,800 |
| Miscellaneous Grants | 2,020,133 | 1,939,700 | 1,939,700 |
| Government Insurance Program | 1,323,667 | 1,428,400 | 1,428,400 |
| Salary Negotiations | 0 | 0 | 2,900,000 |
| Contingency Fund | 1,703,510 | 1,851,000 | 2,000,000 |
| Provision for Guaranteed Debts | 21,689,071 | 20,000,000 | 0 |
| **Total General Government** | **27,075,993** | **25,730,900** | **8,779,900** |

**Explanation Notes:**

- **Miscellaneous General** provides funding for the Premier's and Ministers' out-of-province travel, cabinet meetings, protocol-related expenses and unanticipated expenditures realized.
- **Miscellaneous Grants** includes grants-in-lieu of property tax, grants for race track programs and other miscellaneous grants.
- **Government Insurance Program** provides insurance coverage to all government departments, and many crown corporations, agencies and commissions.
- **Salary Negotiations:** This budget is established for wage adjustment estimated costs as a result of negotiations on new public sector employment agreements. For FY03/04 negotiated settlements were reached in the Health Sector with UPSE Health, IUOE, Ground Ambulance Contract and the PEI Dental Association. The forecast costs for these settlements have been included in the departmental budget responsible for the payments (i.e., Health and Social Services).
- **Contingency Fund:** This allocation was used by government for unanticipated or unusual costs that occurred throughout the fiscal year but had not been budgeted.
- **Provision for Guaranteed Debts:** From time to time the province has been called upon to guarantee the debt certain organizations owe to financial institutions, a budget is established to provide for possible losses on these guaranteed debts.

| | Unaudited Actual 2003/04 $ | 3rd Quarter Forecast 2003/04 $ | Budget Estimate 2003/04 $ |
|---|---|---|---|
| **Interministerial Women's Secretariat** | | | |
| Administration | 1,550 | 1,800 | 1,800 |
| Equipment | 407 | 1,000 | 0 |
| Materials, Supplies and Services | 2,630 | 500 | 500 |
| Professional and Contract Services | 10,844 | 14,300 | 14,300 |
| Salaries | 116,235 | 123,600 | 124,400 |
| Travel and Training | 6,379 | 6,000 | 6,000 |
| Grants: | | | |
| Advisory Council on the Status of Women | 144,300 | 144,300 | 144,300 |
| Women's Network | 8,505 | 8,800 | 8,500 |
| **Total Interministerial Women's Secretariat** | **290,851** | **300,300** | **299,800** |

The Interministerial Women's Secretariat provides policy analysis and official support to the PEI Government in order to promote conditions for legal, health, social and economic gender equality for women and men.

The Secretariat provides policy liaison and support to a number of government and community initiatives in order to explore and promote gender equality.

The Secretariat provides intergovernmental policy support to the Minister Responsible for the Status of Women and represents the province on intergovernmental initiatives related to the status of women, gender equality and diversity promotion in labour, justice, health, economic and education sectors.

The Secretariat participates in related national and international initiatives, such as policy advisory boards, research projects and the development and promotion of gender and diversity education.

| | Unaudited Actual 2003/04 $ | Budget Estimate 2003/04 $ |
|---|---|---|
| **Council of Maritime Premiers** | | |
| Atlantic Provinces Education Foundation | 15,917 | 15,900 |
| Council of Atlantic Premiers Secretariat | 67,424 | 67,400 |
| Maritime Provinces Higher Education Commission | 85,929 | 86,000 |
| Atlantic Provinces Community College Consortium | 4,214 | 4,200 |
| **Total Council of Maritime Premiers** | **173,484** | **173,500** |

**Explanation Notes:**

The Council of Maritime Premiers is funded by the three Maritime Provinces. Contributions are based on population and upon the recommendation of the Regional Treasury Board.

| | Unaudited Actual 2003/04 $ | 3rd Quarter Forecast 2003/04 $ | Budget Estimate 2003/04 $ |
|---|---|---|---|
| **Interest Charges on Debt** | | | |
| Interest – Debentures | 84,189,474 | 84,027,500 | 83,037,900 |
| Interest – Canada Pension Debentures | 12,834,042 | 12,832,600 | 12,917,600 |
| Interest – Treasury Notes | 5,148,407 | 5,193,100 | 8,600,000 |
| Interest – Deposit Receipts | 56,033 | 60,000 | 0 |
| Interest – Federal Loans | 73,046 | 74,900 | 74,900 |
| Interest – Other | 509,378 | 571,500 | 100,000 |
| Financial Activity Fees | 10,155 | 7,000 | 0 |
| Interest – Bank Overdraft Interest | 169,656 | 100,000 | 100,000 |
| **Total Interest** | **102,990,190** | **102,866,600** | **104,830,400** |
| Amortization of Debenture Discount | 654,968 | 654,900 | 578,200 |
| **Total Interest Charges on Debt** | **103,645,158** | **103,521,500** | **105,408,600** |

**Notes:**

**Interest:** Appropriations provided for the funding of interest cost associated with monies borrowed by way of issuance of Provincial Debentures, Provincial Deposit Receipts, Treasury Notes, as well as borrowing through the use of bank lines of credit and loans from the Federal Government and the Canada Pension Plan.

**Amortization of Debenture Discount:** Annual provision required in order to write-up, over the term of the debenture, the cost associated with debenture issues at a discount.

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